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CONTENTS

Do Bureaucratic Politics Matter? Some Disconfirming Findings from the Case of the U.S. Navy — *Edward Rhodes* — 1

Dynamics of Informational Cascades: The Monday Demonstrations in Leipzig, East Germany, 1989–91 — *Susanne Lohmann* — 42

Information, Bureaucracy, and Economic Reforms in China and the Soviet Union — *Yasheng Huang* — 102

Review Article

On the Third Wave of Democratization: A Synthesis and Evaluation of Recent Theory and Research — *Doh Chull Shin* — 135

The Contributors — ii

Abstracts — iii

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ABSTRACTS

Do Bureaucratic Politics Matter?

Some Disconfirming Findings from the Case of the U.S. Navy

By EDWARD RHODES

Allison's Model III (governmental or bureaucratic politics) suggests that state policies reflect the parochial concerns of intragovernmental "players in positions" and the relative power of these players. This article offers a critical test. It examines a policy area—U.S. decisions on the composition of naval forces—in which we would, a priori, expect bureaucratic politics to have a maximum effect and which participants, observers, and scholars have routinely described as critically influenced by bureaucratic politics. This article employs statistical methods to assess whether outcomes have indeed been affected by the parochial priorities and perceptions of individuals who, because of their relative power and the rules of the game, have dominated the relevant bureaucratic action-channels. Contrary to the expectations of the bureaucratic politics literature—indeed, contrary to the reports of firsthand observers and the actors involved—bureaucratic politics do not seem to have mattered: knowledge of bureaucratic interests and power does not permit us to predict outcomes. The article then proceeds to suggest an alternative model of state behavior that *does* provide significant explanatory power: the article demonstrates that shifts in force posture can be modeled as a function of *ideas* and *images* rather than of *interests*. This gives rise to speculation that in explaining American foreign and security policy the name of the game is not, as Allison suggests, politics, but the competition of ideas for intellectual hegemony.

The Dynamics of Informational Cascades

The Monday Demonstrations in Leipzig, East Germany, 1989–91

By SUSANNE LOHMANN

This article analyzes the dynamics of turnout and the political impact of five cycles of protest, consisting of forty-two mass demonstrations that occurred on Mondays in Leipzig over the period 1989–91. These demonstrations are interpreted as an informational cascade that publicly revealed some of the previously hidden information about the malign nature of the East German communist regime. Once this information became publicly available, the viability of the regime was undermined. The Monday demonstrations subsequently died a slow death as their informational role declined.

Information, Bureaucracy, and Economic Reforms in China and the Soviet Union

By YASHENG HUANG

The argument in this essay can be reduced to the following form: the better a planning system is in terms of central planning techniques, the less likely it is to depart from central planning. The author proposes an information approach to explain why China launched economic reforms at a relatively earlier stage of development than did the Soviet Union. The claim is twofold regarding the connections between initiation of reform and information flows in China and in the Soviet Union. First, all else being equal, a bureaucracy better informed about economic conditions is more likely to pursue realistic economic objectives and its policies are less likely to induce macroeconomic instability. To the extent that macroeconomic instability activates a search for alternatives to the status quo, including reforms, a bureaucracy with better information-collection capabilities is less likely to initiate such a search and therefore less likely to initiate reforms.

Second, policymakers choose between reforms and the strengthening of central planning as alternative solutions to the status quo. The choice of one solution over another depends on their relative costs. Again, all else being equal, the higher the costs of strengthening central planning (or reform), the more likely is reform (or strengthening of central planning) to be chosen. This essay focuses on one aspect of these costs—the costs of information provision.

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On The Third Wave of Democratization

A SYNTHESIS AND EVALUATION OF RECENT THEORY AND RESEARCH

By DOH CHULL SHIN

This article synthesizes significant findings of theoretical and empirical research on the third wave of democratization. It addresses a number of central questions. What changes have been taking place in the study of democracy and democratization over the past two decades? How have the concepts of democracy and democratization been redefined for a new generation of scholars oriented to action and advice? What developments in the measurement of the two concepts have been stimulated by the quickening pace of democratization? What has been learned about the dynamics of democratization itself? What mixes of democratic institutions and rules offer the "best" prospect for democratic consolidation? What kinds of strategies and tactics have been prescribed for encouraging democratic reforms in those countries that remain nondemocratic? What are the prospects for the third wave of democratization?

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DO BUREAUCRATIC POLITICS MATTER? Some Disconfirming Findings from the Case of the U.S. Navy

By EDWARD RHODES*

> The name of the game is politics: bargaining along regularized circuits among players positioned hierarchically within the government. Government behavior can thus be understood . . . not as organizational outputs but as the results of these bargaining games. In contrast with [the Rational Actor Model], the Governmental (or Bureaucratic) Politics Model sees no unitary actor but rather many actors as players—players who focus not on a single strategic issue but on many diverse intra-national problems as well; players who act in terms of no consistent set of strategic objectives but rather according to various conceptions of national, organizational, and personal goals; players who make government decisions not by a single, rational choice but by the pulling and hauling that is politics.
>
> —*Graham Allison*

THUS Graham Allison introduced his Model III to the political science discipline more than twenty years ago.[1] The problem puzzling Allison was how to explain state behavior that appeared counterproductive or even irrational. The solution he proposed in Model III was to deny the unitary character of state policy-making and to assume state actions were the end consequence of rational, if myopic, bargaining between self-interested intrastate actors. Model III thus reasoned that "players in positions" adopt stands and agendas based on "parochial priorities and perceptions"; policy outcomes reflect these parochial concerns, the players' relative power, the nature of "action-channels," and "the rules of the game."[2]

* This research was supported by the Rutgers University Research Council and by the Charles Warren Center for Studies in American History, Harvard University. The author gratefully acknowledges the comments of Anne Case, Vincent Davis, Ted Hopf, Jack Levy, Roy Licklider, and Michael Shafer.

[1] Graham Allison, *Essence of Decision* (Boston: Little, Brown, 1971), 144.

[2] Ibid., 164, 166, 168, 169, 170, 171. "Action-channels" are institutionalized procedures for facilitating or implementing governmental decisions. Allison distinguishes Model III (bureaucratic politics) from Model I (unitary rational actor) and Model II (organizational process). The latter, which

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Over the last two decades, considerable skepticism about bureaucratic politics models of foreign policy has been voiced.[3] Nonetheless, the plausibility and logical, if not operational, simplicity of Model III have guaranteed it continuing influence; *Essence of Decision* continues to sell thousands of copies a year and has been cited more than eleven hundred times.[4] Much of the attractiveness of Model III is that, like the classical rational actor model it challenges, it continues to explain behavior in the familiar terms of *interest*. Its critique of the classical explanation of foreign policy is simply that this explanation wrongly reifies the state: the rational, self-interested actors whose interaction must be modeled are not states but the individual members of government.[5] Model III thus represents a serious effort to save the Enlightenment notion of rational, economic man—the notion that there is a clear and predictable relationship between interest and action in human affairs—from the empirical challenge posed by the fact that states frequently do not act in their intelligent self-interest. Otherwise incomprehensible behavior, Model III surmises, reflects the consequences of intelligent interest-based action by rational players in a complex, partially hidden intragovernmental game. By contrast, theories that question the existence of a clear relationship between interest and political behavior are much more troubling, moving political scientists from the relative simplicity and clarity of economics and game theory into the less certain realm of political psychology.

This article offers a critical empirical test of Model III.[6] It examines

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Allison bases on the organizational behavior and bounded rationality literature of James March, Herbert Simon, and Richard Cyert, describes state action as a product of rigid organizational routines rather than rational choice: policies were to be understood "less as deliberate choices and more as *outputs* of large organizations functioning according to standard patterns of behavior" (p. 67).

[3] The basic lines of criticism were sketched out early. Two of the first and most important critiques are Robert J. Art, "Bureaucratic Politics and American Foreign Policy: A Critique," *Policy Sciences* 4 (December 1973); and Stephen D. Krasner, "Are Bureaucracies Important? (Or Allison Wonderland)," *Foreign Policy* 7 (Summer 1972).

[4] David A. Welch, "The Organizational Process and Bureaucratic Politics Paradigms: Retrospect and Prospect," *International Security* 17 (Fall 1992).

[5] As Bendor and Hammond complain, it is not entirely certain that Allison requires his Model III players to be rational actors; this lack of absolute clarity makes Allison's model a somewhat problematic basis for deriving testable propositions. See Jonathan Bendor and Thomas H. Hammond, "Rethinking Allison's Models," *American Political Science Review* 86 (June 1992), 304. Nonetheless a balanced reading of *Essence of Decision* strongly suggests that, as Welch puts it, "Model III does not suppose that the individual players behave irrationally in the games in which they participate, merely that the net effect of those games is to deflect state behavior from the course that would have been chosen by a unitary rational actor." Welch (fn. 4) 118.

[6] On the notion of critical cases, see Harry Eckstein, "Case Studies and Theory in Political Science," in Fred Greenstein and Nelson W. Polsby, eds., *Handbook of Political Science* 7 (Reading, Mass.: Addison-Wesley, 1975).

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a policy area—navy budgets, procurement, and force mix—that participants, observers, and scholars have routinely described as heavily influenced by the self-interested pulling and hauling of bureaucratic politics. It assesses whether outcomes do indeed reflect, in some predictable manner, the relative power of individuals motivated by the parochial priorities and perceptions associated with their bureaucratic position. Contrary to the expectations of the bureaucratic politics literature—indeed, in our case even contrary to the reports of firsthand observers and the actors involved—bureaucratic politics do not seem to have mattered: outcomes cannot be predicted on the basis of parochial interests and the distribution of bureaucratic power.

The skepticism this engenders about the utility of bureaucratic politics models of state behavior such as Allison's Model III is heightened by the existence of an alternative theoretical model that *is* able to predict correctly much of the observed behavior. This article therefore closes by briefly sketching a simple *idea-driven*—as distinct from interest-driven—explanation of state behavior and by testing this alternative model against the same data. This final section is merely suggestive: the alternative model is not fully developed here and the case does not represent a critical test for it.[7] Nonetheless, it *is* suggestive; for while detailed knowledge of the interests and relative power of bureaucratic players does not allow us to predict the outcome of decisions about American naval forces, even basic knowledge about dominant ideas and images provides substantial explanatory power.

Bureaucratic Politics and the U.S. Navy

U.S. Navy officers, defense officials, and external observers have long argued that bureaucratic parochialism within the navy has strongly influenced national decisions over naval force posture—that is, decisions regarding kinds and levels of naval forces. This view was put most candidly by Admiral Elmo Zumwalt, Jr., in 1976, following his retirement as chief of naval operations (CNO), the highest uniformed position in the navy. Zumwalt claimed that his predecessors as CNO were influenced by a pervasive bureaucratic parochialism that skewed budget allocation and naval capabilities. Further, Zumwalt openly suggested that he himself was guilty of shifting resources to strengthen the branch of the navy in which he had served:

[7] The alternative model is developed more fully in Edward Rhodes, *The Pursuit of Hegemony* (New York: Columbia University Press, forthcoming).

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> Internal forces in the Navy had contributed to unbalancing it in the 1960s. I no more intend to suggest that George Anderson, David McDonald, or Tom Moorer, the three aviators who preceded me as CNO, deliberately allowed the surface Navy to deteriorate than I would welcome a suggestion by them that I deliberately neglected air during my watch. The point is, and it is a difficult one to make clear to an outsider, that for the last quarter-century or more there have been three powerful "unions," as we call them, in the Navy—the aviators, the submariners, and the surface sailors—and their rivalry has played a large part in the way the Navy has been directed. . . . [I]t almost inevitably breeds a set of mind that tends to skew the work of even the fairest, broadest-gauged commander if he is given enough time. Whichever union such a commander comes from, it is hard for him not to favor fellow members. . . . It is hard for him not to think first of the needs of his branch, the needs he feels most deeply, when he works up a budget. . . . I am not the person to evaluate the extent of my own bias, but I think it fair to point out that following three air CNOs in a row, as I did, I was bound to have some redressing to do.[8]

This article tests whether this kind of "union"-based skewing of resources and capabilities, reflecting parochial interests and power, has actually occurred over the last forty years. It considers whether members of the navy's dominant unions, when in control of the crucial action-channel, in fact "unbalanced" the navy—or "redressed" existing imbalances—in favor of their union.

The selection of this case reflects the logic of critical cases. This ought to be an "easy" case for Model III: if state behavior is ever a "political resultant" of the struggle between self-interested governmental players we would expect it to be precisely in cases such as this. The issue—what kinds of military capability the U.S. Navy will possess—strikes not only at the heart of the navy's essence by defining what kinds of missions the organization can perform but determines what and how resources will be distributed within the navy, which navy unions and bureaus will flourish or wither, and which naval careers will survive or perish. At the same time, the issue is not a politically salient one and, except for occasional debates over the acquisition of new aircraft carriers, rarely even makes it to the president's desk or troubles his relations with Congress.[9] Thus, it is exactly the sort of issue that

[8] Elmo R. Zumwalt, Jr., *On Watch* (New York: Quadrangle, 1976), 63–64. This particular passage from Zumwalt's memoirs has been widely cited by U.S. naval scholars without comment or dispute. See, for example, Frederick H. Hartmann, *Naval Renaissance: The U.S. Navy in the 1980s* (Annapolis, Md.: Naval Institute Press, 1990), 14.

[9] A review of documents in the Lyndon Baines Johnson Library, for example, fails to provide any evidence that during his White House years Johnson *ever* considered the question of what overall U.S. naval posture should look like, despite the fact that the navy was facing the looming bloc obsolescence of its existing forces.

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the literature suggests should be heavily influenced by bureaucratic politics.[10] Not only are such issues likely to be resolved through low-level "pulling and hauling," but they are likely to bring out the parochialism inherent in positions: in fact, Allison confidently asserts, "For large classes of issues—*e.g., budgets and procurement decisions*—the stance of a particular player can be predicted with high reliability from information about his seat."[11]

Further, the principal theoretical competitor is a noncontender in this case: rational, unitary-actor models of U.S. naval force posture are clearly not supported by the data. Statistical attempts to model U.S. naval force posture as a function of Soviet naval strength and of the magnitude of U.S. overseas economic interests are, to say the least, disappointing. Controlling for the effects of war, changes in the size of U.S. naval forces and shifts in the types of capability possessed by the U.S. Navy have been at best uncorrelated with and more frequently negatively correlated with changes in Soviet naval power and with overseas trade as a percentage of U.S. gross national product. If anything, it would appear that the United States has tended to *reduce* its forces in response to increases in the adversary's strength and in the interests at stake.[12]

Finally, the evidence of pervasive parochial pulling and hauling in this case is strong. As we will illustrate, Zumwalt's views regarding the existence of intraservice parochialism and the critical, parochial role played by the CNO have been broadly shared by knowledgeable observers. Indeed, the facts of the matter have seemed so clear that students of bureaucratic politics have cited the navy and its internal struggles over resource allocation as an illustration to buttress their theories

[10] See, for example, Morton H. Halperin, *Bureaucratic Politics and Foreign Policy* (Washington, D.C.: Brookings Institution, 1974), 26–28, 39–40, 49–60.

[11] Allison (fn. 1), 176; emphasis added. Critics of bureaucratic politics have shared this general appraisal—in fact, suggesting that it may *only* be on issues like budget and procurement, which strike to the heart of institutional essence and survival, that we will see an impact of bureaucratic politics. Robert Art, for example, concludes that on "institutional bread and butter issues" in which "neither the President nor the relevant Congressional figures are particularly interested in what the bureaucrats want . . . bureaucrats will likely get their way." He adds that "what is clearly predictable is that lower-level bureaucrats will assume policy stances that stem from their estimate of what will best serve the long-term interests of the institutions to which they belong. Whether they succeed depends primarily on three factors: how strong are their allies in Congress, how willing the senior players attached to their institutions are to fight for these interests, and how committed a President is to getting his way, that is, how the President perceives bread and butter issues affecting his domestic program and foreign policies." Art (fn. 3), 484. As we will see below, naval force posture fits perfectly Art's characterization of a case in which bureaucratic politics would be most likely to matter.

[12] See Edward Rhodes, "Domestic and External Determinants of Force Posture: Preliminary Findings from the Case of the U.S. Navy" (Paper delivered at the CUNY Political Science Conference, New York, March 1990).

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of bureaucratic decision making. For example, in his 1974 book, *Bureaucratic Politics and Foreign Policy*, Morton Halperin claimed: "The Navy has been affected by serious dispute among three groups: naval flyers (the brown shoe Navy) emphasize carrier-based air units; seapower advocates (the black shoe Navy) stress the surface Navy; submariners focus on attack submarines. . . . Within the Navy, the struggle was about which kind of force could best carry out the role of dominating the seas."[13]

Thus, if we cannot find a significant impact of bureaucratic politics on the "kind of force" acquired by the navy, then some cautious skepticism about the general importance of bureaucratic politics appears warranted.

In addition to being a critical case, the case of American naval force posture has the practical advantage of being an enormously sweet one for investigation. This is an important consideration. One of the common criticisms of Model III is that it is too complex, too "thick" to yield testable hypotheses: intragovernmental games can be so intricate and have rules so difficult to predict a priori that virtually any outcome can, ex post, be rationalized in Model III terms.[14] Much of the criticism of Model III over the years has been limited to its logic, rather than empirical verification, for precisely this reason. It has been difficult to identify a case that is not only critical—that is, in which bureaucratic politics of the Model III type should have had a clear impact on outcomes—but regarding which Model III's predictions are obvious and in which post hoc Model III rationalizations of behavior are not plausible.

The case of naval force posture is empirically tractable in at least four regards. In the first place, answers are abundantly clear to the four crucial questions posed by a bureaucratic politics model: Who plays? What are their interests? What is their relative strength? And what are the rules under which participants interact? Thus the predictions of the bureaucratic politics model are easily operationalized: it is straightforward to deduce the specific behavioral hypotheses that follow from Model III. In the second place, actual state behavior is also unambiguous, embodied and publicly revealed in budget appropriations, con-

[13] Halperin (fn. 10), 32–33. See also, for example, Jonathan Bendor and Thomas H. Hammond, "Rethinking Allison's Models" (Paper delivered at the American Political Science Association, Atlanta, Ga., August 31–September 3, 1989), 38.

[14] Indeed, Allison himself confessed this problem, noting the massive informational requirements needed to make predictions about something as simple as a game of poker and observing that "the extraordinary complexity of cases of bureaucratic politics accounts in part for the paucity of general propositions." Allison (fn. 1), 173–74. See also Bendor and Hammond (fn. 5), 318; and Welch (fn. 4), 120.

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struction of new ships, and operation of existing ships. Third, over the last forty years, there has been variance both in the independent variables identified by Model III (the identity and interests of critical players) and in the dependent variables. This permits us to investigate whether the covariance implied by the theory has indeed taken place. Finally, because the resource allocation behavior is quantifiable, it is possible to employ statistical tests of significance.

The Bureaucratic Politics Model

Before proceeding, it is necessary to be as clear as possible about the causal relationships identified by Model III. The inferences of this model are straightforward: "If a nation performed an action, that action was the *resultant* of bargaining among individuals and groups within the government. Model III's explanatory power is achieved by displaying the game—the action-channel, the positions, the players, their preferences, and the pulling and hauling—that yielded, as a resultant, the action in question."[15] In other words, to understand the game and the players in it is to explain the outcome. This, Allison observes, implies that state behavior can be predicted on the basis of the answers to four questions: Who plays? What are their interests? What is their relative strength? And what are the rules under which participants interact?[16] Model III specifies not only these four relevant variables but guidelines for operationalizing them.

Who plays? The players, Model III assumes, are individuals: "The governmental actor is neither a unitary agent nor a conglomerate of organizations, but rather is a number of individual players."[17] Participation in policy-making is a perquisite of bureaucratic position: "Individuals become players in the national security policy game by occupying a position that is hooked on to the major channels for producing action on national security issues."[18] Position not only permits participation in the policy-making process but critically influences the interests and relative power of players: in other words, "positions define what players both may and must do."[19]

"Position" is a relational term: positions are defined by the specification of relationships between players. Because each player interacts with a number of other players in the policy game, each player's posi-

[15] Allison (fn. 1), 173.
[16] Ibid., 164.
[17] Ibid.
[18] Ibid.
[19] Ibid., 165.

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tion is specified by the intersection of multiple, simultaneous relationships. As a consequence, positions simultaneously impose multiple duties and interests. To illustrate the multiple roles, duties, and interests simultaneously held by players, Allison offers as an example the secretary of state, who is not only personal adviser to the president but a colleague to the president's senior advisers, the ranking American diplomat to foreign governments, the administration's foreign policy representative to Congress, an educator to the public, a national spokesman to the international community, and chief of the State Department bureaucracy.[20] The point is an important, if subtle, one. As we will note below, the chief of naval operations is simultaneously the spokesman for naval interests in the White House and Congress, the defender of the uniformed navy against the encroachments of civilian secretaries of the navy, the principal arbiter of naval priorities within the uniformed service, and a champion of his particular "union." What these multiple relationships and duties mean is that two individuals occupying the same CNO's office do not, in a critical sense, occupy the same "position" at all if their *positional* relationship with some of the major players is different. An aviator CNO occupies a different bureaucratic position than a surface-sailor CNO: he is simultaneously a principal leader of the aviation community, with the special organizational interests and power this implies.

What are players' interests? The players' interests, Model III emphasizes, are principally dictated by "parochial priorities and perceptions" associated with the position the player occupies.[21] Allison argues that "to motivate members of his organization, a player must be sensitive to the organization's orientation. The games into which the player can enter and the advantages with which he plays enhance these pressures. Thus propensities and priorities stemming from position are sufficient to allow analysts to make reliable predictions about a player's stand in many cases."[22] Allison quickly goes on to caution that "these propensities are filtered through the baggage that players bring to positions. Some knowledge of both the pressures and the baggage is thus required for sound predictions."[23] Clearly, however, for career officials,

[20] Ibid.

[21] Ibid., 166.

[22] Ibid., 166–67. Allison argues that this endemic parochialism may not even be conscious: "Members of an organization, particularly career officials, come to believe that the health of their organization is vital to the national interest. The health of the organization, in turn, is seen to depend on maintaining influence, fulfilling the mission of the organization, and securing the necessary capabilities" (p. 167).

[23] Ibid., 167.

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much of the relevant baggage comes from their long experience in the organization: in the navy, for example, the CNO's baggage includes long association and close personal and professional alliances with members of his union and service, as well as deeply ingrained distrust of individuals outside the union or service. Thus for organizational "insiders," intellectual and personal-political baggage is likely to reinforce, rather than undercut, the pressures of position. In the end, Model III concludes, the parochial character of individual behavior is the inevitable reflection of "each player's conception of the national interest, his organization's interests, specific programs to which he is committed, the welfare of his friends, and his personal interests."[24]

What determines players' relative influence? The ability of players in positions to protect and advance their (parochially shaped) interests reflects their relative power. Power in this context is a function of resources associated with position, the player's effectiveness in exploiting these positional resources, and the player's reputation for doing so. It

> is an elusive blend of at least three elements: bargaining advantages, skill and will in using bargaining advantages, and other players' perceptions of the first two ingredients. The sources of bargaining advantages include formal authority and responsibility (stemming from positions); actual control over resources necessary to carry out action; expertise and control over information that enables one to define the problem, identify options, and estimate feasibilities; control over information that enables chiefs to determine whether and in what form decisions are being implemented; the ability to affect other players' objectives in other games, including domestic political games; personal persuasiveness with other players (drawn from personal relations, charisma); and access to and persuasiveness with players who have bargaining advantages drawn from above (based on interpersonal relations, etc.).[25]

The case we will be examining offers a clear example of how such positional bargaining advantages yield power, concentrating it, in our case, in the hands of the CNO, who has not only formal authority but tight control over resources and information and the ability to affect other players' objectives.

What are the rules under which players interact? Model III emphasizes that, far from being unpredictable, the struggle over policy is a highly structured, though frequently extremely complex, game in which "action" moves along regular paths and is conducted according to regular rules. Allison argues that "bargaining games are neither random nor haphazard. The individuals whose stands and moves count are the

[24] Ibid., 167–68.
[25] Ibid., 168–69.

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players whose positions hook them on to the action-channels. An action-channel is a regularized means of taking governmental action on a specific kind of issue."[26] Regularized action-channels along which "the action" passes are thus critical not only in specifying who will play and when they will play but in determining the relative power of the players: "action-channels structure the game by preselecting the major players, determining their usual points of entrance into the game, and distributing particular advantages and disadvantages for each game."[27]

Naval Force-Posture Decisions

To test whether bureaucratic politics matter, it is necessary to establish what sorts of behavioral patterns bureaucratic politics models would predict—that is, from our knowledge of the critical "players in positions" and their "parochial priorities and perceptions" on the one hand and their relative power under the rules of the game on the other hand, to identify the patterns of state behavior that bureaucratic politics models would lead us to expect.

The dynamics of the U.S. Navy's bureaucratic politics, including the parochial interests and relative power of actors controlling the force-posture action-channel, have been widely explored. Firsthand accounts and studies of the navy underscore four relevant points. First, parochialism within the navy is deep and pervasive, reflecting the narrow specialization of navy officers and the development of close-knit union-based communities. Second, not only are force-posture decisions of major concern to the unions but the unions openly engage in intraservice battles to increase their share of resources. Third, both because of his personal baggage and because of the demands of his position, the CNO serves as his union's representative as well as the highest uniformed officer in the navy. Finally, the rules of the game, relevant action-channels, and relative power make the chief of naval operations by far the single most powerful player in the naval force-posture game: he possesses, in addition to the formal authority, the information, the leverage, the connections, and the reputation to have a substantial impact on naval force posture. The CNO's position makes him not only his union's top officer but also the navy's final arbiter on force-posture decisions and the key player in executive and legislative branch deliberations on them; indeed, apart from a few high-visibility issues, the

[26] Ibid., 169.
[27] Ibid., 170.

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CNO's force-posture decisions are seldom seriously questioned, much less challenged by the White House or cabinet, and in the case of conflict the CNO can draw upon the navy's well-cultivated congressional ties.

Thus what we observe is a stable set of rules, establishing action-channels that endow the CNO with enormous power. The principal variation in the game over time is in the identity and parochial interests of the players who occupy the CNO's office. Both because the multiple relationships inherent in the CNO's position imply a parochial tie to a particular union and because of the union-based bureaucratic and intellectual "baggage" the CNO brings with him, the CNO's identity emerges as the key variable in the force-posture game. The variations we observe in force posture, Model III's dominant inference pattern suggests, ought to reflect this variation in the game.

The navy's pervasive intraservice parochialism and the unions' parochial attitudes toward force-posture questions have been widely acknowledged by the navy's officers and top civilian officials. This parochialism exists not only among junior officers but extends all the way up to the CNO's staff.[28] Typically, navy leaders attribute force-posture developments they dislike to the pernicious effects of intraservice bureaucratic politics.[29] Outside the Department of the Navy, the diagnosis has been much the same. Senator Gary Hart, for example, concluded that

> the navy has some particular problems of its own. One is that, in the officer corps, the identification with the service "branch" [union] has gotten badly out of hand. . . . [O]fficers develop a bureaucratic myopia in which they think first about the needs and desires of their branch, not the total combat effectiveness of the navy.[30]

The rules of the force-posture game are such that the three unions compete for shares of the navy's resources, rather than simply collaborating to try to increase the size of the pie. "War stories" of the navy's intraservice parochialism have been used to illustrate how intraservice competition for funds has interfered with the development of a force posture optimal even from the navy's point of view—much less from the nation's. Pentagon systems analysts Alain Enthoven and K. Wayne

[28] See the comment of CNO James D. Watkins, in Hartmann (fn. 8), 55. See also Zumwalt (fn. 8), 66.

[29] See, for example, Robert J. Hanks, *American Sea Power and Global Strategy* (Washington, D.C.: Pergamon–Brassey's, 1985), 81; or John F. Lehman, Jr., *Command of the Seas* (New York: Charles Scribner's Sons, 1988), 99.

[30] Gary Hart with William S. Lind, *America Can Win* (Bethesda, Md.: Adler and Adler, 1986), 108.

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Smith, for example, recount that the navy's unionization made rational analysis of force requirements impossible.

> Our effort to come up with a convincing analysis of ASW [antisubmarine warfare] forces, one that everyone would accept and agree upon, failed. It failed, in part, because the U.S. Navy is made up of three competing branches, each proud of its own capabilities and traditions: a submarine Navy, a surface Navy, and an aircraft Navy. . . . [E]ach branch competed with the others in overstating performance claims for its own preferred weapon systems. Each feared that if it did not, future studies would show that all or most of the Soviet submarine force was being destroyed by one of the other branches, which might then get more of the total Navy budget.[31]

The ironic consequence of the unions' parochialism was not only to make serious analysis impossible but to undercut completely the navy's case for further resources!

> When all these inflated claims . . . were put together and run through a total-fleet war game, the results were, predictably, that our side won handsomely with the forces already approved by the Secretary of Defense; in fact, we won not only decisively but within a very few weeks. Indeed, it often appeared that we could have won the war quickly enough with even smaller forces.[32]

Civilian observers have joined in stressing not only that intraservice rivalry is unusually severe in the navy but also that the competition between the navy's three dominant unions has driven the navy's force posture.[33] Each union's belief that "the fortunes of the Navy, and of the nation's defense as a whole" depend on its health has ultimately meant that "the influence of union rivalry on Navy force structuring is an unavoidable consideration. . . . The balance of power among the three unions has influenced the shape of the Navy."[34] Indeed, the reality of limited resources means that parochial intraservice fights over force posture are inevitable, given the structure of the game. As one analyst has pointed out,

> in peacetime . . . the inevitable constraints on the defence budget mean that difficult choices have to be made; more of one type of ship means less of another. Factions supporting a particular aspect of naval operations—the aviators, the

[31] Alain C. Enthoven and K. Wayne Smith, *How Much Is Enough?* (New York: Harper and Row, 1971), 229.

[32] Ibid. The denouement of this story is worth noting. Given the resulting analytical gridlock, the CNO proceeded with his own preferred mix of forces, blithely asserting that "ASW forces and war planning have been well balanced and are essentially correct" (p. 230).

[33] See, for example, Arthur T. Hadley, *The Straw Giant* (New York: Random House, 1986), 69; and Carl H. Builder, *The Masks of War* (Baltimore: Johns Hopkins University Press, 1989), 25. These authors both suggest that the unusual severity of the navy's rivalry is a direct consequence of the nature of naval duty and the self-contained quality of naval vessels.

[34] Jan S. Breemer, *U.S. Naval Developments* (Annapolis, Md.: Nautical and Aviation Publishing Company of America, 1983), 9.

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submariners, the surface ship lobby—begin to dig their heels in, and bitter conflicts break out over the crucial issue of what sort of forces the navy should have, and in what numbers. It is against this background that the development of the US Navy over the past three decades must be seen.[35]

The bottom line, longtime defense journalist Arthur Hadley bluntly notes, is that "the Navy divides up its monies to satisfy the claims of those conflicting unions as much as for reasons of national defense."[36]

The CNO's position does not allow him to stand above this parochial, intranavy fray. Not only does a CNO arrive in office with considerable personal and bureaucratic baggage, reflecting his extended, close experience with members of his own union and his long struggle against and ingrained antipathy toward members of other unions, but he relies on members of his union for support. This union tie has been manifested directly: observers have shared Zumwalt's conclusion that the CNO frequently turns to members of his own union for support and favors his own union in the allocation of scarce resources.[37] The logical corollaries of this union-CNO tie have also been observed. Most obviously, high-ranking officers have been reported as working to see that the president selects a member of their own union, or at least an individual favorably disposed toward their union, to occupy the CNO's office.[38] Similarly, union affiliation has been reported as an important factor in civilian decision makers' evaluations of potential CNO candidates.[39] Indeed, at least at times, the navy's civilian masters may deliberately seek out representatives of particular unions to occupy the

[35] John Jordan, *An Illustrated Guide to the Modern US Navy* (New York: Prentice Hall, 1986), 8.

[36] Hadley (fn. 33), 239–40.

[37] See, for example, Jordan (fn. 35), 11; and Breemer (fn. 34), 9. For illustrations, see also Zumwalt's discussion of union-based assignment of key commands (i.e., commands that would be crucial to further promotion) and Zumwalt's discussion of his own propensity to select members of his union for key positions; Zumwalt (fn. 8), 44–45, 66. Or see Secretary of the Navy John F. Lehman's tale of the successful efforts of CNO Carlisle Trost, a submariner, to ensure that 80 percent of the submariners eligible for promotion to captain would be promoted, while only about 50 percent of the surface sailors and aviators would make the cut; Lehman (fn. 29), 36–38.

[38] Among the reported reasons CNO Thomas H. Moorer opposed the appointment of Zumwalt to succeed him was the fact that Zumwalt was not an aviator. See J. Kenneth McDonald, "Thomas Hinman Moorer," in Robert William Love, Jr., ed., *The Chiefs of Naval Operations* (Annapolis, Md.: Naval Institute Press, 1980), 362. A perhaps more interesting case is that of Louis Denfeld in 1947. In 1947 the navy split along union lines; Denfeld emerged as something of a compromise candidate. It has been widely reported that Denfeld, a destroyerman and personnel specialist, struck a bargain with key members of the naval aviation community to gain their support. See J. J. Clark and Clark G. Reynolds, *Carrier Admiral* (New York: David McKay, 1967), 253; Michael Palmer, *Origins of the Maritime Strategy: American Naval Strategy in the First Postwar Decade* (Washington, D.C.: Naval Historical Center, 1988), 39; Paolo E. Coletta, "John Lawrence Sullivan," in Coletta, ed., *American Secretaries of the Navy* (Annapolis, Md.: Naval Institute Press, 1980), 752; and idem, "Louis Emil Denfeld," in Love, 194. See also Clark G. Reynolds, *The Fast Carriers* (New York: McGraw-Hill, 1968), 393.

[39] This is most clearly illustrated in Zumwalt's own case. As one close observer of the navy re-

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CNO's office, apparently because those civilians, like members of the uniformed navy and students of bureaucratic politics, expect the CNO to favor his union.[40] And union affiliation has also been described as playing a key role in determining who is *not* selected as CNO.[41] This pattern of parochial intraservice conflict over force posture, centered around a powerful CNO who acts as an advocate of his union, extends back at least to the 1940s.[42]

The existence of deep parochial divisions in the navy, the centrality of force-posture questions to the continued health of the unions, and the ties between the CNO and his union thus suggest that the CNO has a substantial *interest* in adjudicating force-posture decisions in favor of his union. What is equally clear, however, is that the CNO has considerable *power* to do so. As a consequence of organizational reforms undertaken during World War II, the CNO emerged as far more than primus inter pares in the otherwise decentralized navy. By the rules of the postwar game, the CNO officially controls the critical action-chan-

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ported, the secretaries of the navy and defense "picked Zumwalt, whom they believed would bring new ideas to the billet and a different perspective, *given his background in the surface line*" (emphasis added). See Norman Friedman, "Elmo Russell Zumwalt, Jr.," in Love (fn. 38), 367. Zumwalt himself reports that he was explicitly informed that one of the criteria leading to his selection was that he was not an aviator. See Zumwalt (fn. 8), 46.

[40] Apparent examples of this are Secretary of the Navy James Forrestal's frustrated attempts to appoint an aviator to succeed first Ernest King and then Chester Nimitz as CNO. See Reynolds (fn. 38), 385–86; Theodore Taylor, *The Magnificent Mitscher* (New York: W. W. Norton, 1954), 5; Clark with Reynolds (fn. 38), 253. For a different account, see Ernest J. King and Walter Muir Whitehill, *Fleet Admiral King: A Naval Record* (New York: W. W. Norton, 1952), 636. Even when they choose CNOs who have been moderates rather than extremists in the navy's intraservice political battles, the navy's civilian masters frequently appear to be quite aware of the intraservice implications of their choices. The desire to appoint union moderates seems to have been a factor, for example, in the appointment of Louis Denfeld (rather than William Blandy or Dewitt Ramsey), Forrest Sherman (rather than Arthur Radford), and possibly William Fechteler (again rather than Radford). Regarding Sherman's appointment, see Palmer (fn. 38), 33–53; regarding Fechteler's appointment, see Gerald Kennedy, "William Morrow Fechteler," in Love (fn. 38), 236–37.

[41] Jan Breemer has suggested that the fact that no submariner occupied the CNO's office between Chester Nimitz's retirement in December 1947 and James Watkins's appointment in 1982, despite the navy's steadily increasing interest in submarines, was no accident. Rather it may have been a reaction to the power wielded by Admiral Rickover, who as the tsar of naval nuclear reactors was a major proponent of nuclear submarines (as well as nuclear-powered cruisers and aircraft carriers) and who, through a complicated system of oversight, exerted substantial influence over the promotion and careers of submariners. The venomous relationship between Rickover—who, because of his congressional support was untouchable—and his nominal masters, uniformed and civilian, in the Pentagon meant that only after Secretary of the Navy Lehman successfully forced Rickover's long-delayed retirement in 1981 was it likely that those civilian masters would appoint a submariner as CNO. See Breemer (fn. 34), 11.

[42] For example, Coletta observes that the "poor status of naval aviation" in the fierce fight for funds during the 1949 belt-tightening can be attributed to several factors, specifically including "'blackshoe' or 'battleship' admirals who preferred to expand surface forces rather than aviation; and the fact that the chief of naval operations was not an aviator." Paolo E. Coletta, "Francis P. Matthews," in Coletta (fn. 38), 786. On the rise and fall of the naval aviators in intranavy bureaucratic struggles in 1948–49, see also Palmer (fn. 38), 46–48.

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nels: in addition to having command over the organization, training, and readiness of existing forces,

> the CNO has the . . . responsibility of determining the material support needs for the operating forces, including equipment, weapons and weapons systems, materials, supplies, facilities, maintenance, and supporting services. This responsibility means that he determines the military performance requirements, establishes the priority, and fixes the order of acquiring, construction, repairing, and maintaining the ships, aircraft, weapons systems, and facilities.[43]

This power to determine force posture exists in real life as well as on paper: as Reagan administration Secretary of the Navy John Lehman concluded: "All the procurement and business organizations were under the total domination of the headquarters staff of the chief of naval operations."[44] Apart from one unique individual—Admiral Hyman Rickover, who derived his power from his close ties to Congress, his bureaucratic position outside the navy, and his substantial personal political talents—no uniformed naval officer since 1949 has been in a position to challenge the CNO's policy predominance on force-posture issues.[45]

It should be clear too, though, that the CNO exerts considerable *authority* as well as power in the largely decentralized navy. His position as the sole spokesman for the uniformed navy means that the CNO is sometimes viewed by navy officers "as the embodiment of the navy," who "when speaking of anything of concern to the navy, was . . . as infallible as the Pope speaking *ex cathedra* on a matter of faith and

[43] Daniel J. Carrison, *The United States Navy* (New York: Praeger, 1968), 78–80. Regarding the responsibilities of the CNO, see also U.S. Navy Department, Office of the Management Engineer, "The United States Navy: A Description of Its Functional Organization," March 1947 (NAVEXOS P-435, Rev. 3-47), 11; U.S. Navy Department, "Report of the Committee on Organization of the Department of the Navy" ("Gates Committee Report"), April 16, 1954, 10–11; U.S. Navy Department, "Report of the Committee on Organization of the Department of the Navy" ("Franke Committee Report"), January 31, 1959 (NAVEXOS P-1996), 53–86, 147–48; U.S. Navy Department, Navy Management Office, "The Department of the Navy: A Description of Its Functional Organization," May 1962 (NAVEXOS P-435, Rev 5-62), 7–9, 15; and Department of the Navy, "Review of Management of the Department of the Navy" ("Dillon Committee Report"), December 15, 1962 (NAVEXOS P-2426A), 135–38. For comparison with the prewar power of the CNO, see U.S. Congress, Senate, *The United States Navy: Information Relative to Organization, Personnel, Fleet, and Shore Establishments of the United States Navy*, 75th Cong., 1st sess., 1937, Document no. 35, pp. 6–9. On the early evolution of the CNO position, see Hartmann (fn. 8), 45–51; and Love (fn. 38). On the evolution of the CNO's position during the war, see Vincent Davis, *Postwar Defense Policy and the U.S. Navy, 1943–46* (Chapel Hill: University of North Carolina Press, 1966), 41, 65; Vincent Davis, *The Admirals Lobby* (Chapel Hill: University of North Carolina Press, 1967), 158–62; and Robert H. Connery, *The Navy and the Industrial Mobilization in World War II* (Princeton: Princeton University Press, 1951), 434.

[44] Lehman (fn. 29), 241.

[45] Regarding Rickover, see, for example, ibid., 1–38; Zumwalt (fn. 8), 63–64, 72–74, 85–122, 154–60; and Norman Polmar and Thomas B. Allen, *Rickover* (New York: Simon and Schuster, 1982).

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morals."[46] The structure of the navy's hierarchy does not facilitate the emergence of a rival or indicate a single successor around whom opposition can form, nor does the socialization of naval officers encourage the active questioning of authority: the CNO is to the navy as a captain is to a ship. Right or wrong, he is the commander. During his "watch" or tour of duty, his policies are the navy's:

> If a CNO does have the proper service reputation, as is almost always the case, he can normally count on loyal or sufficient support in a navy where professional behavior is the norm and whose senior officers have almost all been tried over the course of an extended career. The CNO knows that his senior subordinates will carry out his program, provided he makes it clear what he wants, does not allow bureaucratic red tape to interfere, and has a system for following up.[47]

As a practical matter, this gives the CNO substantial leeway in imposing programs that run contrary to the preferences of the bulk of the navy. It also means that, once the CNO has made his general program emphases known, decisions that are not bucked all the way up to his desk are nonetheless likely to be resolved in a fashion consistent with his desires.

An excellent illustration of the CNO's power and authority to dictate the navy's position on force-posture questions can be found in CNO Arleigh Burke's 1955 decision to develop a submarine-based fleet ballistic missile (FBM) force for strategic nuclear deterrence (the force that became the Polaris SSBN/SLBM and was the forerunner of Poseidon and Trident). FBM imposed a major new mission on the navy, one that would obviously absorb a substantial portion of the navy's financial resources for the foreseeable future. Both because of its cost and because of its implications for second-strike capability, it was a critically important issue not simply for the U.S. Navy but for U.S. national security in general.[48] Burke's decision to proceed with FBM, however, represented an abrupt and dramatic reversal of his predecessor's policy, which had effectively blocked any exploration of FBM. Of more interest here is that Burke's decision was also made in the face of the unanimous opposition of the top navy brass. (One of Burke's biographers has the admiral shouting at his assembled colleagues, after hearing

[46] Andy Kerr, *A Journey amongst the Good and the Great* (Annapolis, Md.: Naval Institute Press, 1987), 166–67. Kerr is describing the views of Captain, later Admiral, Isaac Kidd, one of the major "players" in the navy in the late 1960s and early 1970s. Kidd was a principal contender for the CNO's job in 1974. Hartmann also stresses the CNO's authority on a wide range of issues. In Hartmann's account, "The solution to these [force posture and manpower] and similar problems, as far as the uniformed navy is concerned, is in the hands of the chief of naval operations." Hartmann (fn. 8), 4.

[47] Hartmann (fn. 8), 50.

[48] David Alan Rosenberg, "Arleigh Albert Burke," in Love (fn. 38), 279.

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their practical and parochial objections, "All right, dammit, we'll do it anyway!")[49] The CNO's decision made, it held; indeed, Burke was able to dictate that a separate FBM office be established and be given the right to skim the entire navy for the navy officers it desired. What makes the case particularly striking is that, at the time of the decision, Burke was, by the standards of the CNO office, in an unusually weak position. The decision was made within days of Burke's promotion to CNO, before he had an opportunity to consolidate his power and appoint supporters to key positions. Equally to the point, Burke was a relatively junior admiral, ninety-second on the seniority list, when he was named to the top job. While a popular figure within the navy, Burke lacked the seasoning, the command experience, and the three- and four-star Washington exposure normally necessary to be CNO; outside the navy, to the extent he was known at all, Burke's earlier role in the "revolt of the admirals" and B-36 hearings made him suspect. The men whose united advice he rejected had, until days before, been his seniors, had served his predecessor with distinction, had loyal subordinates and protégés scattered in key positions throughout the navy, and had close ties to Congress and elsewhere in the executive branch. Yet Burke easily got his way.

Although the secretary of the navy also benefited from the World War II reorganizations and is nominally the CNO's civilian boss, in real life the resources and loyalty commanded by the CNO make the CNO more than a match for the secretary. Recollecting his experience on the staff of Secretaries of the Navy John Connolly, Fred Korth, and Paul Nitze, one navy officer observed that "there is a strong tendency for the secretary to become a captive of the CNO. The CNO has a huge organization consisting of hundreds of captains and admirals. They will work around the clock to produce for him any information he requires. The secretary commands no such resources. It therefore takes a strong secretary to maintain his independence."[50] Even when the secretary maintains his independence, he is likely to be overwhelmed by the uneven fight and by the structure of critical action-channels that permits the

[49] E. B. Potter, *Admiral Arleigh Burke* (New York: Random House, 1990), 399. See also Rosenberg (fn. 48), 277–79, on the opposition of the relevant deputy chiefs of naval operations.

[50] Kerr (fn. 46), 167 and 150, where he recounts the reaction of Secretary Korth to the predominant role of the CNO: "The CNO commands almost all of the resources of the navy. The secretary quickly finds himself isolated. Korth described the sensation like the driver of a huge truck that is thundering down the highway. The secretary sits high in the cab, thrilled with the majesty and power of it all. Then suddenly he realizes that his steering wheel is not connected to anything. Others, down below, are steering the vehicle and deciding where it will go." For an excellent discussion of the service secretariat's lack of independent analytic capacity and its "rubber-stamp" quality, see also Hartmann (fn. 8), 42–45.

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CNO effectively to exclude the secretary. Reagan appointee John Lehman, perhaps the strongest secretary of the postwar period, complained about the balance of power: "The navy bureaucratic apparatus put all policy decision-making under the chief of naval operations and his two-thousand-man staff. . . . The secretary of the navy and his staff generally were not included in the debating and formulating stages but presented with positions for approval from which dissenting views and issues had been eliminated and resolved."[51] Even after Lehman's extensive bureaucratic reorganizations, and even given his close ties to the Reagan administration, Lehman found that on issues of ship and aircraft design and procurement that were important to the navy, "the blue suiters [that is, navy officers] simply would not recognize any authority but the chief of naval operations."[52]

Finally, neither the secretary of defense nor the White House and its Office of Management and Budget are able to dictate force posture to the navy. This appears the consequence of a number of factors, including the uniformed navy's control over relevant information. Navy officers, for example, have a near monopoly on information regarding the effectiveness and vulnerability of warship types. Both by controlling the rules of studies and war games (an "unwritten rule" of navy war games, one observer notes, "prohibits the sinking of an American aircraft carrier")[53] and by judicious assignment of security classification, the navy is able to control knowledge. Even when other executive branch agencies attempt to develop their own analytic capabilities for evaluating military force posture proposals, they remain dependent on the military services for expertise. Based on his long experience with the Office of the Secretary of Defense, William Kaufmann observes in his analysis of naval force posture that

> it is the subsidiaries [the military services] rather than the secretary of defense and his staff that dominate this peculiar marketplace [for military forces]. Not only do they specify in detail the products they want and advertise their merits;

[51] Lehman (fn. 29), 116.

[52] Ibid., 244. On Lehman's bureaucratic reforms, including his successful effort to retire Admiral Rickover, abolish the Navy Material Command, and gain control over sources of information and analysis, see ibid., 1–38, 228–65; Floyd D. Kennedy, Jr., "From SLOC Protection to a National Maritime Strategy: The U.S. Navy under Carter and Reagan, 1977–1984," in Kenneth J. Hagan, ed., *In Peace and War: Interpretations of American Naval History, 1775–1984*, 2d ed. (Westport, Conn.: Greenwood, 1984), 355–56, 359; Norman Polmar, *Ships and Aircraft of the U.S. Fleet*, 14th ed. (Annapolis, Md.: Naval Institute Press, 1989), 1.

[53] Thomas Etzold, as quoted in Richard A. Stubbing with Richard A. Mendel, *The Defense Game: An Insider Explores the Astonishing Realities of America's Defense Establishment* (New York: Harper and Row, 1986), 122.

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> they also manage to infiltrate the ranks of the executive suite. Rare is the staff in the office of the Secretary of Defense that does not have representatives of the three military departments as members. Rarer still is the case in which the secretary of defense's decisions on what to buy are not influenced to an important degree by these representatives.[54]

What goes without saying is that these representatives owe their primary allegiance to their service, or branch of the service, and are judged for professional advancement by their superiors in their service.

When it cannot monopolize information and expertise, the navy—like any strong bureaucracy—can stonewall, procrastinate, prevaricate, or feign compliance. As one longtime Office of Management and Budget official complained:

> In addition to protecting their existing forces, the military services are adept at resisting pressures for changes in weapons, strategies, and mission emphases. Over the years the services have learned a number of techniques to maintain control over their budgets. One such technique involves adopting the administration's rhetoric but not its policies, by fitting their desired programs into the context of the new strategies or mission requirements.[55]

The navy has also been expert at making end runs around other executive bureaucracies when necessary and at taking its case directly to congressional supporters, thereby reversing or preventing force posture decisions it disliked. The same OMB official complained, for example, that during the Carter administration the navy, in a largely effective effort to avoid the force-cutting consequences of the administration's naval strategy, conducted its own review and "took this study with its gaping analytic holes straight to its powerful supporters in Congress, who were looking for some documented support for a new aircraft carrier. This end run around the President proved successful in convincing Congress to add a nuclear carrier to the Navy budget in the spring of 1978."[56]

Obviously, the CNO and the navy bureaucracy also sit astride the implementation action-channels, thus giving them a final opportunity to block force-posture decisions that conflict with the CNO's objectives. On the one hand, this provides a negative power: the ability of the navy to postpone indefinitely the construction of ships it dislikes is

[54] William W. Kaufmann, *A Thoroughly Efficient Navy* (Washington, D.C.: Brookings Institution, 1987), 2.

[55] Stubbing with Mendel (fn. 53), 73.

[56] Ibid., 122. The study in question was "Sea Plan 2000: Naval Force Planning Study." For an account of "Sea Plan 2000" from a very different perspective, see Lehman (fn. 29), 129.

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nearly unlimited. To a more limited degree, however, it conveys a positive power: the CNO and navy can effectively interpret decisions, retailoring approved programs, to achieve desired aims.

The reputation of the CNO and an understanding of all the power at his disposal precedes him. Indeed, the secretary of defense has been described as sometimes simply surrendering to the CNO's force majeure on critical questions of naval force posture. For example, Nixon Secretary of Defense James Schlesinger

> urged Admiral Holloway [the CNO and a naval aviator] to reconsider the emphasis on expensive aircraft and large nuclear carriers, but he allowed the Navy to make the final choice. After 150 years as a separate Cabinet department, the Navy has traditionally been the most reluctant of the military services to cooperate with the civilian DoD [Department of Defense] leadership. Unlike the Army and Air Force, it proved a nut too tough for Secretary Schlesinger to crack.[57]

In sum, there has been a long tradition of intraservice bureaucratic parochialism in the navy. This parochialism is manifested in struggles over force posture. Inherent in the chief of naval operations' position is a relationship with his union; his parochial perspective incorporates his union's outlook and interests. And his positional power gives the CNO a critical voice in decisions regarding force posture. A focus on "players in positions," their parochial concerns, and their power to affect outcomes under the rules of the bureaucratic game leads us, therefore, to expect that naval force posture will indeed be skewed by the union affiliation of the chief of naval operations. This is not to suggest that the CNO will back his union on every issue or that he will win every time; but it does suggest that, ceteris paribus, there should be a significant statistical tendency—unions should tend to get a greater share of resources when the CNO is from their ranks. Allison's Model III leads us to hypothesize that the distribution of resources—money, new construction, commissioned warships—between unions ought to be a function of the CNO's union-based parochial interests.

The Evidence

But is this the case? Have the navy's internal bureaucratic battles between surface sailors, aviators, and submariners actually affected the way the navy divides its money and the kinds of forces the navy has acquired and maintained? Does Allison's Model III provide us with the

[57] Stubbing with Mendel (fn. 53), 326–27.

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predictive power it claims? There have been substantial shifts in the division of budgets and in the mix of naval forces acquired and operated by the U.S. Navy in the postwar period. Can these shifts be modeled as a function of the power of various parochial interest groups, reflecting the CNO's ability to have his way on force-posture issues, as the "dominant inference pattern" of Model III suggests?

It is possible to answer this question empirically, through a statistical analysis of unclassified data. In the forty years between 1950 and 1990 the navy had twelve CNOs: Forrest Sherman (aviator), William Fechteler (surface sailor), Robert Carney (surface sailor), Arleigh Burke (surface sailor), George Anderson (aviator), David McDonald (aviator), Thomas Moorer (aviator), Elmo Zumwalt (surface sailor), James Holloway (aviator), Thomas Hayward (aviator), James Watkins (submariner), and Carlisle Trost (submariner). Across this forty-year period the identity and objectives of the principal bureaucratic interest groups, inside and outside the navy, have remained constant. Although there have been some variations in the organization of the navy and the national security establishment that have, at the margin, affected the action-channels through which the CNO influenced force-posture decisions, none have altered the basic power relationships.[58]

Plainly, our capacity to test hypotheses regarding the impact of *submariner* CNOs is limited by the fact that only the most recent CNOs have been from this union. This makes problematic our ability to separate the impact of the CNO being a submariner from secular trends.[59] Consequently, this article does not highlight findings about the effect of submariner CNOs on force posture. (It should be emphasized, though, that none of the findings about submariner CNOs is inconsistent with the findings presented below: I have been unable to find *any* statistically significant evidence suggesting that submariner CNOs have favored their own union.) The mix of six aviators and four surface sailors in the CNO's office in the last forty years, however, does permit us to test Zumwalt's contention and Model III's prediction that aviators and surface sailors distribute resources differently.

Specifically, bureaucratic politics models of behavior would lead us

[58] For a summary of the evolution of action-channels, see Hartmann (fn. 8). The most important changes in the last forty years have involved the relationship between the CNO, the secretary, and procurement bureaus and systems commands.

[59] Indeed, the problem becomes even trickier, because the presence of submariners as CNOs correlates closely with the absence of Admiral Rickover. Rickover, as noted above, was the only rival to the CNO in force-posture decisions; he was also an advocate of submarine power. Thus our case is not so sweet for making predictions about submarine forces: plausible Model III post hoc rationalizations can be made for whatever we find.

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to hypothesize that CNOs shift resources—money, new warship construction, warships in commission—to their union. First, we would hypothesize that, compared to surface sailors, aviators shift funds toward the acquisition of new aircraft, not simply because aviators' careers are directly enhanced by additional and improved aircraft but because these aircraft allow aviators to compete more effectively with other unions for the navy's main missions. Second, we would hypothesize that aviators shift the navy ship construction program toward new aircraft carriers, since these new carriers permit the operation of more capable and increased numbers of aircraft, again increasing not only the potential number of aviation job billets but naval aviation's relative effectiveness in executing the navy's missions. Finally, we would expect aviators to adjust the composition of the active fleet, operating a force relatively heavy in aircraft carriers—and hence in the capacity for air operations, as well as in jobs for aviators. Similarly, we would hypothesize that surface sailor CNOs would devote a relatively smaller share of the navy's procurement budget to new aircraft, shift the navy's construction program toward new surface warships, and increase surface combatants as a share of the total fleet.

Obviously, lack of empirical support for any one, or even any two, of these hypotheses about the impact of aviators or surface sailors would not strongly disconfirm bureaucratic politics presumptions. After all, it might be the case that aviators are willing to sacrifice new airplanes and total numbers of aircraft carriers in the fleet in order to acquire new aircraft carriers—knowing that in the long run new airplanes and increased numbers of active-duty carriers will necessarily follow from the capital investment in new carriers. Or they might conclude that new airplanes are the critical element: with new airplanes, aviators might conceivably reason, naval aviation can demonstrate the need for new and increased numbers of carriers. Or aviators might assume that number of operational carriers is the decisive issue: with an established requirement for more carriers (and hence more aviation-qualified officers), new aircraft and new carriers will inevitably follow.

There is, however, no statistically significant support for *any* of these hypotheses. (Statistical results are presented in Table 1.) Knowledge of the parochial concerns and relative power of bureaucratic interest groups and the rules under which they operate offers us no significant capacity to model actual state behavior. This finding creates considerable grounds for skepticism about the utility of Model III explanations of state behavior.

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TABLE 1
IMPACT OF BUREAUCRATIC POLITICS

	(1) *Aircraft Share of Procurement Budget*	(2) *Carrier Hulls as Share of New Construction*	(3) *Surface Warship Hulls as Share of New Construction*	(4) *Carrier Tonnage as Share of New Construction*	(5) *Surface Warship Tonnage as Share of New Construction*	(6) *Change in Carriers as Share of Fleet*	(7) *Change in SurfaceWarships as Share of Fleet*	(8) *Change in Attack Carriers as Share of Fleet*	(9) *Change in BB, C, D*[b] *as Share of Fleet*
CNO = aviator[a]	−.0247	−.0055	—	−0.466	—	.0003	—	−.0014	—
(t-statistic)	(1.087)	(0.256)		(0.383)		(0.351)		(1.622)	
CNO = surface[a]	—	—	.0178	—	.0703	—	.0010	—	.0009
(t-statistic)			(0.228)		(0.806)		(0.157)		(0.181)
CNO = submariner	.0225	−.0061	−.3467	−.0079	−.2023	.0015	−.0005	−.0010	.0004
(t-statistic)	(0.588)	(0.167)	(3.417)	(0.038)	(1.790)	(0.803)	(0.045)	(0.652)	(0.045)
War dummy	0.279	−.0044	−.1951	−.0191	−.0975	.0018	.0029	.0015	−.0062
(t-statistic)	(1.375)	(0.245)	(2.961)	(0.187)	(1.329)	(1.927)	(0.486)	(1.840)	(1.283)
Time trend	−.0034	.0003	.0073	−.0056	.0077	1.05e-6	.0003	.0001	−.0002
(t-statistic)	(2.533)	(0.238)	(1.685)	(0.835)	(1.577)	(0.020)	(0.800)	(1.298)	(0.854)
Constant	.4000	.0272	.4271	.3222	.1941	−.0009	−.0036	−.0004	.0031
(t-statistic)	(20.218)	(1.435)	(3.885)	(3.017)	(1.585)	(0.918)	(0.406)	(0.480)	(0.431)
R-square	.3918	.0072	.3902	.0740	.1719	.1222	.0279	.1415	.0738
Adj. R-square	.3050	−.1209	.3115	−.0454	.0651	.0125	−.0937	.0342	−.0420
N	33	36	36	36	36	37	37	37	37

[a] Model III hypotheses are that all parameter estimates reported for CNO = Aviator and CNO = Surface will be positive and statistically significant.
[b] Battleships, cruisers, and destroyers.

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THE NAVY BUDGET

Perhaps the most obvious bureaucratic politics hypothesis to test is that the CNO's union affiliation is reflected in the navy's budget. While funding for running the existing fleet—for example, for operations and maintenance and for personnel—is to a considerable degree a function of decisions that have been made in the past and can only be changed marginally from year to year, funding for procurement starts each year essentially from a clean slate. Although unbudgeted cost inflation did frequently occur, at least in theory each year's procurement program during the period studied was fully funded in that year. Each year's procurement budget can thus be treated as an independent decision without doing too much violence to reality.

Examining annual naval procurement budgets, it is possible to calculate what percentage is earmarked for the acquisition of new aircraft. In practical terms, the size of the aircraft procurement budget dictates how many navy aviators have to fly older, less than state-of-the-art aircraft. Obviously, aviators' parochial interests extend beyond just aircraft; we would expect, for example, that they will also be interested in the aircraft carriers from which these airplanes fly. Nonetheless, given that aviators are unique in their interest in new aircraft procurement, Model III would lead us to predict that the proportion of the navy's procurement budget devoted to aircraft would be larger when aviators occupy the CNO's office than when surface sailors do.

The simplest means of testing this hypothesis is to compare the average share of the procurement budget devoted to aircraft by aviators and by surface sailors.[60] What we find is that aircraft received a relatively *smaller* share of the procurement budget when aviators were responsible for the budget than when surface sailors were. Under aviator CNOs the share of the procurement budget devoted to aircraft was .327; under surface sailors it was a larger .374. While the difference between the averages does not meet the usual standards of statistical significance, the relatively larger share of the budget devoted to aircraft

[60] Data are from budgets from fiscal year 1956 through fiscal year 1988, inclusive. The navy procurement budget is taken as the sum of monies appropriated for navy procurement accounts, as reported after the completion of the fiscal year, exclusive of Marine Corps procurement. Aircraft procurement is calculated as the "aircraft" procurement account or as that portion of the "aircraft and related" or "aircraft and missiles" procurement account devoted to aircraft procurement. In the latter case indirect expenses have been assigned on a proportional basis. Since 1951, new CNOs have been sworn into office in July or August; in this analysis, new CNOs are associated with the budget presented to Congress the following January–March and defended before congressional committees over the spring and summer.

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by surface sailors is interesting because it is the reverse of what Model III would have predicted.

Methodologically, of course, we can do better than simply comparing averages. Controlling for whether the nation was at war and for long-run secular trends, we can model the share of the navy's procurement budget spent on aircraft as a function of CNO union affiliation and use ordinary least-squares (OLS) regression techniques to derive parameter estimates that compare the impact of aviator and surface sailor CNOs.[61]

As the first column in Table 1 suggests, such an approach yields parameter estimates that do not support Model III's prediction. Our Model III hypothesis is that the parameter estimate of the impact of an aviator CNO, compared to a surface sailor CNO, will be statistically significant and positive. In fact, the parameter estimate is statistically insignificant but negative. We are unable to reject the null hypothesis that CNO affiliation has no impact on the proportion of the navy's procurement budget devoted to aircraft.[62]

Ship Construction Program

An alternative means of testing whether the navy's force posture is influenced by the bureaucratic parochialism of the CNO is to consider the annual ship construction program. Because of the nature of the con-

[61] In this model, our right-hand side variables are a dummy variable taking unitary value in years in which an aviator was CNO; a dummy variable taking unitary value in years in which a submariner was CNO; a dummy variable taking unitary value in years in which the United States was at war; and an arithmetically increasing time variable to control for a long-run secular trend. Obviously, even though procurement decisions are theoretically made independently each year, there is always a concern that budget shares in any given year are, in fact, a function of the previous year's shares, raising concerns about autocorrelation. To reassure ourselves that this is not in fact a problem here, we can include on the right-hand side the left-hand side variable lagged one time period. This revised model has a slightly higher adjusted R-square, but the parameter estimate for the lagged left-hand side variable is not statistically significant, nor do the parameter estimates or standard errors of any of our other right-hand side variables change significantly. In other words, our findings are robust to this sort of manipulation.

[62] Our only statistically significant finding in this model is that there has been a secular trend toward a smaller share of the procurement budget going to aircraft. This is interesting but provides neither support nor challenge to Model III propositions. As for Zumwalt's more specific claim that he redressed an overemphasis on aviation that existed under his three predecessors, even for this confession of parochialism we can find no support. The average aircraft budget share under Zumwalt was .345; while the average share under his three predecessors was a marginally higher .355, the average share under Zumwalt's immediate predecessor, at .316, was actually slightly *lower* than under Zumwalt. Given the standard deviations associated with these averages (.021, .051, and .031 respectively), none of the differences between these averages is significantly different from zero. Using OLS regression techniques, modeling budget shares as a function of Zumwalt's tenure compared to that of his predecessors, and controlling for whether the nation was involved in war, we again find that there is no statistically significant impact from Zumwalt, compared to his three predecessors, on the proportion of the navy's procurement budget devoted to aircraft.

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gressional authorization and appropriation process, every year's construction program is effectively an independent decision, made fresh each year. While projections are made for the "out-years" that lie in the future, these projections are in no sense binding. It is, therefore, quite possible to examine each year's ship construction program, calculate the relative shares of that program devoted to vessels that "belong" to each union, and test whether the size of those shares reflects the union affiliation of the CNO responsible for formulating the construction program.

It should be emphasized that new construction does not logically mean an increase in the size of the fleet: typically, new vessels have simply replaced older ones, much as new cars regularly replace old ones in American driveways. Consequently, the construction of new aircraft carriers in no way implies a need for new surface combatants to escort them—just as the acquisition of a new car does not imply the need for a new garage or new trailer. New carriers can be (and, indeed, frequently are) escorted by old surface combatants. Similarly, the construction of new surface combatants does not imply the construction of new carriers, since the reverse is also true. Thus, there is no logical reason to expect a constant ratio between new carrier and new surface construction—or indeed between any two types of ship construction. An increase in the new construction rate simply implies that the particular portion of the fleet is being modernized at a faster rate; the actual modernization rates for the various elements of the fleet are quite different and quite variable.

In the postwar period, the United States has constructed five basic types of warships: aircraft carriers, surface combatants, submarines, amphibious warfare vessels, and mine warfare vessels. Aircraft carriers are the province of aviators; surface combatants—battleships, cruisers, destroyers, and frigates—are the property of the surface sailors. Model III would lead us to expect that aviators shift ship construction toward new aircraft carriers—giving their union an enhanced capacity to carry out navy missions and increasing the material well-being of the aviation community. Similarly, Model III would lead us to hypothesize that surface sailor CNOs shift construction toward new surface combatants for precisely the same reasons.

As the second through fifth columns of Table 1 report, we find no support at all for these hypotheses in the data.[63] Whether we measure

[63] Data are from fiscal years 1953–88. Calculations of the tonnage of annual construction programs were based on data in Paul H. Silverstone, *U.S. Warships since 1945* (Annapolis, Md.: Naval Institute Press, 1987) and were updated by me.

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construction in terms of raw numbers of new hulls or—a more sophisticated approach to take into account variation in ship size and capability—in terms of tonnage, we can find no statistically significant evidence that aviator and surface CNOs influence the proportion of new construction going to their preferred ship types. In other words, controlling for war and secular trends, we can find no support for the proposition that aviators or surface sailors have used the office of the CNO on behalf of their parochial interests. Indeed, a quick glance at the regression results suggests that, for the most part, these are terrible models of new construction. Their inadequacy is quite robust to tinkering with the construction of either left- or right-hand side variables or to the precise specification of the model. It is very difficult to avoid the conclusion that the parochial concerns of the CNO offer little or no insight into the mix of ships the United States acquires.[64]

Annual Changes in Fleet Composition

A third approach to investigating the impact (or lack of impact) of bureaucratic politics on naval force posture is to examine annual changes in the composition of the general-purpose fleet.[65] Obviously, one way of altering fleet composition is through new construction. But given the lengthy periods needed to construct modern warships, this is the slow and undramatic way. The faster way to change the composition of the fleet is by retiring—"decommissioning"—existing vessels or by recommissioning warships that had been laid up in mothballs. For ex-

[64] There are, of course, some interesting findings: they just do not support Model III's propositions. Not surprisingly, war has an impact on what is constructed: during wartime (that is, Korea and Vietnam), the United States constructed more mine and amphibious warfare vessels. Similarly, there are some long-run trends that seem to be consistent with technological changes. And, anomalously, there seems to be a negative impact of submariner CNOs on the acquisition of surface warships. As noted above, interpreting this finding is difficult, given that submariners have been CNO only in recent years and only since Rickover's removal. Our skepticism that bureaucratic politics are at work here is enhanced by the fact that the presence of submariner CNOs has no significant effect on the share of new construction devoted to submarines; indeed, to the extent there appears to be an impact, submariners would appear to be biased *against* submarine construction. Tests of alternative models suggest that the explanatory power of our model of share of new construction going to surface vessels appears to come from two factors, neither of which has anything to do with bureaucratic politics: first, during wartime, construction shifts from surface warships to amphibious and mine warfare vessels; second, there is a strong secular trend away from surface warships.

We also find no statistically significant support for the proposition that, compared to his three predecessors, Zumwalt reduced carrier construction or increased surface warship construction. Indeed, though the results are far from statistically significant, an OLS model like the one above suggests that Zumwalt may have increased the share of new construction tonnage going to aircraft carriers.

[65] The general-purpose fleet is the fleet excluding ballistic missile submarines, which are designed and operated solely for strategic nuclear deterrence purposes. Force requirements for these ballistic missile submarines are, by all accounts, determined by the National Command Authorities in consultation with Congress. Therefore, to make the strongest possible "easy" test case for a bureaucratic politics model, we exclude these from our calculations.

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ample, while the largest postwar annual construction program started 33 new warships, between January 1951 and January 1952 the navy recommissioned nearly 200 warships, increasing the fleet by about one-third in one calendar year. Similarly, during the early 1970s when the U.S. Navy faced serious fiscal pressure, it decommissioned some 119 warships—nearly 18 percent of an existing general-purpose fleet of 672 warships—in a single year. Such dramatic annual increases and decreases in the size of the fleet permit significant changes in the percentage of the fleet that "belongs" to a particular union. Clearly, the percentage of the fleet that "belongs" to a particular union in any given year will be strongly correlated with the percentage that belonged to that union in the preceding year, since all changes are at the margin. The *annual change* in the percentage of the fleet belonging to each union, however, represents an independent decision.

Further, to an even greater degree than is the case with the division of the budget or the makeup of the annual construction program, annual changes in the composition of the fleet are independent decisions *made solely by the navy*. Because the material condition of warships and their technological effectiveness or obsolescence are highly technical issues calling for an exercise of professional judgment, the navy appears to have extraordinary freedom in determining what vessels to retire or to bring back from retirement. Only a few decommissionings and recommissionings—most obviously, those of the Iowa-class battleships—have attracted any public attention whatsoever.

It should also be emphasized that there exist no strict logical or technical rules regarding which warships should be decommissioned, much less recommissioned. Certainly age alone provides little guide: for example, in the postwar period some surface combatants have been kept in commission for as few as fourteen years, while many have served thirty years and a handful have remained in commission for as long as thirty-eight years. We even find tremendous variance in the length of service of essentially identical sister ships—variance that demonstrates clearly that retirement is not typically dictated by material or technological imperatives but is a matter of choice.[66]

Moreover, there are no logically fixed proportions in the fleet, between the number of vessels belonging to one union and the number belonging to any other. True, for planning purposes, in the period under study the navy consistently assumed that each "attack" aircraft

[66] For data on retirement patterns, including the very different history of sister ships, see Silverstone (fn. 63).

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carrier required exactly six surface combatant escorts. Many of the warships "belonging" to the surface sailors' union, however, were not designed and were not programmed to escort attack carriers or the replenishment vessels supplying them, but rather were expected to operate in support of amphibious forces or to protect convoys. Consequently, while the six-to-one ratio established a theoretical lower bound on the proportion of surface combatants in the fleet, it never served as an actual binding constraint. Equally to the point, the six-to-one planning assumption was quite arbitrary (it remained constant despite major changes in technology, in the nature of the anticarrier threat, in the ability of the carrier to defend itself, and even in the mix of the six escort ships) and was not reflected in actual fleet operations: carriers routinely deployed with more or less than six escorts, even during crises or conflicts.

Finally, it should be clear that choices on fleet composition have major impact on the careers of naval officers, influencing the number from each union that can have key commands necessary for advancement. Thus, if force posture is a function of bureaucratic politics, we should expect to witness this fact here, in the annual changes in fleet composition. Especially since decisions to decommission or recommission ships can be (and frequently have been) implemented on fairly short notice, we would expect to see an impact of CNO union affiliation on year-by-year changes in fleet composition.

We do not, however, find any statistically significant impact. If we take the annual change in the percentage of the fleet that "belongs" to a particular union—air, surface, submarine, amphibious, or mine warfare—as our dependent variable and model this annual change as a function of union affiliation of the CNO, controlling for war we find no statistically significant difference between aviators and surface sailors.[67] As the sixth and seventh columns of Table 1 indicate, on the two key dependent variables—the change in the share of the fleet "belonging" to aviators or to surface sailors—the findings are in the direction that bureaucratic politics theories would expect; but with t-values smaller

[67] Data are from calendar years 1950–86. Fleet composition is based on commissioning status data reported in Silverstone (fn. 63). Our model uses the difference between the percentage of the commissioned general-purpose fleet (excluding auxiliary vessels and minor patrol vessels) "belonging" to a particular union at the beginning and end of the calendar year as the dependent variable. This is modeled as a function of three arguments: a dummy variable measuring whether the nation was at war, a dummy taking unitary value when the CNO was a submariner, and a dummy taking unitary value when the CNO was an aviator. This permits us to measure the impact of aviators as compared to surface sailors, and vice versa. As noted above, CNOs have typically assumed office in July or August. Since commissioning and decommissioning decisions take a matter of months to implement, responsibility for the changes implemented during the calendar year is assigned to the outgoing CNO.

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than 0.4 (that is, the parameter estimate is less than four-tenths the size of the standard error), they are far from statistically significant. Again, it is difficult to resist the conclusion that these are truly terrible models of changes in fleet mix, and again it proves impossible to change this conclusion by tinkering with the models. CNO parochial loyalties simply do not seem to explain the substantial changes in the mix of naval forces we witness.

Even given these broadly negative findings, we might hypothesize that we would find some statistically significant impact if we used a different definition of our dependent variable. Perhaps unions are not interested in maximizing the proportion of the fleet that "belongs" to them, but are rather interested in maximizing the number of certain types of warships they command. Aviators, for example, are more enamored of "attack" aircraft carriers than of carriers used in the more limited role of antisubmarine warfare; similarly, it may be the case that surface sailors prefer "high-capability" battleships, cruisers, and destroyers over "low-capability" frigates. We might expect that CNOs favor their unions' favorite type of warship.

As columns 8 and 9 indicate, we are again unable to find statistically significant support for such a hypothesis, though we can uncover an interesting near anomaly. Compared to that of surface CNOs, the impact of aviator CNOs on the share of the fleet composed of attack carriers is *negative*, and on the edge of statistical significance. Compared to that of aviator CNOs, the impact of surface CNOs on the share of the fleet composed of battleships, cruisers, and destroyers is positive (as Model III would lead us to expect); but, again, the finding is statistically insignificant.

One final negative finding is worth mentioning, though as noted above its meaning is open to question. If, using our OLS-regression model and controlling for whether the nation was at war, we look at the impact of a submariner CNO on the change in submarines as a proportion of the general-purpose fleet, we find that it is negative. Given that submariners have only been CNO in recent years, there is the real possibility that this finding is spurious. Nonetheless, it does nothing to strengthen our belief in Model III.

The Empirical Picture

In sum, an examination of the navy procurement budget, the navy ship construction program, and annual shifts in fleet composition fails to reveal any statistically significant impact of the type predicted by Model III. Surface sailors do not shift force posture in favor of the sur-

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face fleet; aviators do not shift it toward naval air forces; and, to the extent we can tell, submariners do not shift it toward the undersea fleet. Insight into the navy's well-known bureaucratic politics does not seem to permit us to explain the variations in naval force posture we observe.

This is an interesting finding: after all, not only observers but also decision makers themselves thought that outcomes were strongly influenced by parochial interests. And yet this does not seem to have been the case. How could *participants* have been wrong? Perhaps the key to resolving this apparent puzzle is recognition that decision makers are not fully aware of their own mental processes.[68] The assumption of self-rationality, however, is both ego bolstering and familiar. Individuals thus face both motivated and unmotivated cognitive biases in favor of presuming their behavior to have been rational. To explain nonoptimal outcomes, therefore, they will identify possible interests that might have been served by their behavior. In other words, because decision makers see themselves as rational, we would not be surprised to see them construct plausible rationalizations of their behavior, even if this means pleading guilty to charges of parochialism.

An Alternative Explanation

The failure of Model III's predictions to hold in what should have been an easy case for it leads us to be skeptical about the notion that the deviations from unitary rational behavior we observe in foreign policy are simply caused by intragovernmental games. In our case, we know what the game looks like, and we have found the outcomes cannot successfully be modeled as a function of that game. But perhaps the problem is that our data are muddy or that variations in naval force posture are simply unpredictable. Our doubts about Model III would be increased if we could demonstrate not only its predictive failure but the ability of some alternative theory to predict the variance we observe. The remainder of this article undertakes that task: it suggests an alternative model and shows that the propositions that follow from it are strongly supported by our evidence and explain much of the variance we observe. Two caveats are in order. The first is that no effort is made here to develop fully this alternative theory: this task far exceeds the space available. The second is that there is no reason to believe that naval force posture represents a critical case for this alternative theory of foreign policy.

[68] The findings of the "self-perception theory" literature are intriguing in this regard. For an excellent discussion, see Deborah Welch Larson, *Origins of Containment* (Princeton: Princeton University Press, 1985), 45–50.

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In this section, we suggest modeling state behavior as a function of shared ideas rather than as a function of competing interests. This is hardly a novel suggestion. Indeed, the idea was explicitly raised by the earliest critics of Model III. Among Robert Art's 1973 complaints about bureaucratic politics theory, for example, was that its preoccupation with the theorized relationship between institutional interests and behavior distracted attention from a potentially more critical relationship: that between images and behavior.

> If shared images dominate senior players' outlooks and if they are truly *shared*, then what is the merit in asserting that governmental actions are the resultants of pulling, hauling and bargaining? . . . [H]ave not the cases of shared mind-sets occurred on precisely the pivotal decisions of American foreign policy since 1945? And if that be so, why not spend time on the mind-sets of the senior players rather than on the mechanics of their position in order to explain the thrust of our foreign policy?[69]

Allison's Model III represented a sophisticated effort to deal with the fact that simplistic rational unitary-actor models of state behavior failed to predict the complex, frequently inconsistent or self-defeating behavior that actually occurred. Model III argued that the classical model of rational unitary behavior failed to take into account the true complexity of interests within the government or the complex bargaining process by which those interests were translated into action. By contrast, an idea-driven explanation of state behavior suggests that the failure of rational unitary-actor models is more profound. It is not simply the reification of the state that is problematic; the reification of reality is equally improbable.

We therefore theorize that where decision makers stand depends not on where they sit or whom they represent, but on what they think[70]—and what they think is independent of where they sit. Outcomes reflect the cognitive dominance of certain sets of ideas rather than the dominance of particular interest groups.[71] Contra both Alli-

[69] Art (fn. 3), 476. Art, it should be emphasized, uses this critique as a basis for arguing the utility of a rational unitary-actor paradigm. But the observation, and the challenge it poses to any "rational actor" model of behavior, is a profound one—as Art, by grounding his argument in the work of the "first-wave" foreign policy theorists such as Warner Schilling, makes clear. Schilling argued, Art observes, that while institutional interests would indeed be a factor, the principal influence on state behavior would be not interests but ideas: "The kind of defenses a budget provides will be primarily a reflection of the kinds of ideas people have about the political-military world in which they are living." See Warner R. Schilling, "The Politics of National Defense: Fiscal 1950," in Warner R. Schilling, Paul T. Hammond, and Glenn H. Snyder, *Strategy, Politics and Defense Budgets* (New York: Columbia University Press, 1962), 15.

[70] The phrase is Michael Shafer's. See Shafer, *Deadly Paradigms* (Princeton: Princeton University Press, 1988), 32.

[71] In recent years, the impact of ideas on behavior has become a major topic in the international re-

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son's Model III and other popular interest-driven models of behavior, an idea-driven model of foreign policy making begins with the premise that behavior is not a function of objective reality but of socially constructed, cognitively constraining representations or images of that reality. Idea-driven models are thus rooted in the substantial political psychology literature that has suggested that, as a consequence of the human mind's tendency to seek and employ simplicity and consistency, basic cognitive processes strongly affect behavior: socially constructed images of self, environment, and social and physical phenomena implicitly suggest appropriate responses to stimuli. These images tend to be both simple and stable: in the absence of dramatically discrepant information they tend to remain unaltered across time despite changes in the decision maker's environment.[72]

Plainly, idea-driven models of behavior can come in a range of complexity. For example, just as interest-driven theories vary in complexity based on their assumptions about appropriate levels of analysis—ranging from rational unitary action to Model III and pluralist and Marxist accounts—so too do idea-driven ones. Perhaps the simplest possible idea-driven model of state behavior treats the government as a single, unified actor and explains the vagaries of state action in terms of the specific beliefs possessed by that government. This is obviously an oversimplification and glosses over the real complexities and subtleties in how individuals in government incorporate and apply new images of reality.[73] Nonetheless, if even such a patently oversimplistic idea-driven model of state behavior can explain significant portions of the variation we have observed in naval force posture, our interest in idea-driven explanations should be piqued.

Idea-driven models also range in complexity depending on the number of images they assume will impact behavior. For the sake of

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lations literature. A complete list of relevant work is hardly possible. Certainly, however, among the important contributions to our understanding are Judith Goldstein, "The Impact of Ideas on Trade Policy," *International Organization* 43 (Winter 1989); Ernst B. Haas, *When Knowledge Is Power* (Berkeley: University of California Press, 1990); Peter Hall, ed., *The Political Power of Economic Ideas* (Princeton: Princeton University Press, 1989); John Odell, *U.S. International Monetary Policy* (Princeton: Princeton University Press, 1982); and Shafer (fn. 70).

[72] For an early exposition of the implications of cognitive psychology's notions of simplicity and stability for understanding state behavior, see John D. Steinbruner, *The Cybernetic Theory of Decision* (Princeton: Princeton University Press, 1974), esp. 101–3. The most influential work on the topic remains Robert Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press, 1976).

[73] Considerable literature exists on the phenomenon of learning. For an excellent overview, see Jack S. Levy, "Learning and Foreign Policy: Sweeping a Conceptual Minefield," *International Organization* 48 (Spring 1994). Perhaps the most intriguing approach for modeling the spread of ideas within a group, however, involves the application of analogies from evolutionary biology. See Andrew Farkas, "State Learning and International Change" (Ph.D. diss., Princeton University, 1994).

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simplicity, we will work here with the assumption not only that the government is unitary, but also that its decisions on naval force posture are influenced by only two images: an image of naval warfare and an image of foreign policy. This simple model of American naval force posture permits us to make some fairly specific, testable predictions about what we would expect to find in the period from 1950 to 1990.

Most obviously, we theorize that naval force-posture decisions reflect images of naval warfare. An image of naval warfare presumably implies both a simple metric for measuring the sufficiency of naval power and a simple definition of sufficiency. By defining which naval forces are "essential" and which are luxuries, an image of naval warfare also presumably provides implicit guidelines for adjusting the *mix* of naval forces in response to changing circumstances. The identity and content of the dominant image of naval warfare ought to be reflected in doctrinal statements and teaching, and ought to be inducible from those statements and teaching. In the absence of traumatic events challenging the dominant image of naval warfare, such as a major naval defeat, we would expect the image to remain relatively unchanging.[74] In the 1950 to 1990 period, therefore, we would expect to see stasis in the dominant image of naval warfare, and hence stasis in the definition of sufficiency and in the way the mix of naval forces is adjusted in response to changing circumstances.

Operationalizing these propositions is not difficult. By nearly all accounts, dominant American images of naval warfare in the postwar period, as in the half century prior, were strongly influenced by the teachings of Alfred Thayer Mahan.[75] We would, therefore, expect Mahanian notions to dictate how the United States measured sufficiency and how it adapted its navy in response to changing fiscal circumstances. Mahan's writings stressed the importance of achieving decisive control of the seas by concentrating a superior force of capital and supporting vessels—a "battle fleet"—able to defeat the adversary's capital forces. The measure of a navy was the number of capital ships it could put into the battle line (or, when the attack carrier replaced the battleship as the capital vessel, concentrate at the scene of the decisive battle). Mahan did not specify how many of these capital ships would be enough for the United States, but by 1950 history had certainly cre-

[74] Jervis (fn. 72), 217–87.

[75] On the possibly pernicious effect of Mahan's teachings, the divergence between Mahan's image of naval warfare and the reality of America's historical experience, and the plausibility and historic reality of alternative images of naval warfare, see, for example, Kenneth J. Hagan, *This People's Navy: The Making of American Sea Power* (New York: Free Press, 1991).

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ated a rule of thumb: the Washington Naval Treaties of 1922 had arbitrarily limited the United States to fifteen battleships, and this number assumed something of a benchmark status. Despite the change in identity of capital vessel from battleship to aircraft carrier and despite changes in international realities, we would thus expect the United States to maintain fifteen attack carriers. Further, we would expect that the "battle fleet" and other forces consistent with a Mahanian conception of naval war would be treated as essential. While Mahan—obviously—never discussed nuclear-powered attack submarines, we would deduce that, given their aggressive, offensive role in clearing a path for the battle fleet into the enemy's home waters, he would have viewed them as essential adjuncts to the battle fleet. The remainder of the fleet—engaged in such undertakings as amphibious warfare, the defense of commerce against isolated raiders, and the hunting of these isolated raiders—would be treated as a luxury. In times of naval retrenchment, we would expect the luxuries to be sacrificed; in times of naval expansion we would expect them to be reacquired. In other words, we would expect the number of these "luxury" ships in the navy to be elastic in response to changes in the size of the overall fleet: as the fleet contracts, their number will contract more than proportionally, and as the fleet expands, their number will expand more than proportionally. By contrast, the ships identified by the Mahanian image of naval warfare as "essential" will be relatively unaffected by fluctuations in the overall size of the fleet; their numbers will be inelastic to changes in the fleet size, implying that their *share* of the fleet will be negatively affected by the growth of the fleet and positively affected by contraction.[76]

Second, because of the linkage between military power and foreign policy in decision makers' minds, we would expect naval force posture to reflect not only dominant images of naval warfare but also dominant images of foreign policy. Again, we would expect images to be stable

[76] For an account of Mahan's views on naval warfare and a discussion of the extent and limits of his influence on the American navy, see, for example, Philip A. Crowl, "Alfred Thayer Mahan: The Naval Historian," in Peter Paret, ed., *Makers of Modern Strategy from Machiavelli to the Nuclear Age* (Princeton: Princeton University Press, 1986), 444–77; Margaret Tuttle Sprout, "Mahan: Evangelist of Sea Power," in Edward Meade Earle, ed., *Makers of Modern Strategy: Military Thought from Machiavelli to Hitler* (Princeton: Princeton University Press, 1943), 415–45; William E. Livezey, *Mahan on Seapower* (Norman: University of Oklahoma Press, 1981), 40–98; or Robert Seager II, *Alfred Thayer Mahan* (Annapolis, Md.: Naval Institute Press, 1977), 160–253. Again, it should be underscored that, for reasons of space, this analysis has been deliberately reduced to its most simplistic version: a slightly more complex model would take into account intellectual divisions within the government that made the Mahanian image relatively weaker in the period prior to 1968 than in the period following. The more complex model offers substantially more predictive power; the simple one will do well enough here, however.

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unless debacles force their abandonment. In foreign policy, however, America experienced just such a debacle in Vietnam. Thus we would predict that dominant images of foreign policy shifted as a consequence of the Vietnam experience. Specifically, we would expect "Vietnam syndrome" images of American foreign policy, which denied the utility or desirability of American military intervention in the Third World, to result in a reduced acquisition of naval capabilities for that intervention.[77] Operationalizing this prediction is, again, straightforward. We would expect that Vietnam would have the effect of significantly reducing the share of the new construction effort devoted to amphibious warfare forces.

Thus, even a very simple idea-driven model provides us with three testable hypotheses about American naval force posture in the period from 1950 to 1990. First, we expect to find that American naval power, measured in terms of capital ships, remains constant over time. Second, we expect to find that the composition of the navy fluctuates with the navy's overall size, with Mahan's "essential" forces being relatively inelastic to changes in fleet size and Mahan's "luxury" forces being relatively elastic to changes in fleet size. And, third, we expect to find that, in the wake of Vietnam, naval construction shifts away from amphibious warfare forces. Is this in fact what we observe?

Constancy in the definition of naval sufficiency and in the size of the navy measured in terms of the number of capital ships is easily demonstrated. In the period 1950–90, despite shifts in technology, the strength of the adversary, and American strategy, the United States has typically sought to maintain a force of fifteen attack aircraft carriers; only the Carter administration set a lower goal, and in this it was opposed by the navy and significant elements in Congress. Indeed, as one student of the American military has observed, "the Navy's peacetime demand for capital ships has remained essentially unchanged since before World War I, even though the kind of capital ship has changed from dreadnought to battleship to carrier to supercarrier; the perceived enemy and geographical orientation of the Navy have changed as many times."[78] And as an empirical matter, we find that between 1950

[77] On the legacy of Vietnam for policy-making, see, for example, George C. Herring, *America's Longest War*, 2d ed. (New York: Knopf, 1986), 272–81; or Ole R. Holsti and James N. Rosenau, *American Leadership in World Affairs: Vietnam and the Breakdown of Consensus* (Winchester, Mass.: Allen and Unwin, 1984).

[78] Builder (fn. 33), 21. Throughout the 1930s the United States operated fifteen battleships, which were the capital vessel of the day. See Norman Friedman, *U.S. Battleships* (London: Arms and Armour Press, 1985), 418–20.

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and 1990 the average number of attack carriers in commission was 14.1 with a standard deviation of 1.5.[79]

Obviously, however, even while the number of capital vessels remained relatively constant, there was enormous variation both in the overall size of the American navy and in the mix of warships in it. Did the variation in mix reflect dominant Mahanian images of naval warfare?

What we find is generally what a Mahan-driven explanation would have led us to predict—a pleasant change from the monotony of the "no statistical significance" findings for Model III. Statistical findings are presented in Table 2. As the first column indicates, the battle fleet's share of the total general-purpose fleet reacts negatively to changes in the size of the fleet: in other words, as predicted, it has been treated as an essential rather than as a luxury.[80] As the second column indicates, there is also strong support for the hypothesis that nuclear-powered attack submarines—a technologically necessary adjunct to the classical Mahanian battle fleet—also are inelastic in response to changes in fleet size.

What of the forces that Mahan viewed as *inessential* and that we hypothesized would be elastic in response to changes in fleet size? As the third column indicates, if we consider the force designed to protect commerce against ocean raiders,[81] we find it is indeed elastic. Columns 4 and 5 indicate that support can be found for the more refined hypotheses that the numbers of ASW carriers and diesel ASW attack submarines operated are each elastic in response to changes in fleet size. Similarly, we find support for the hypothesis that amphibious warfare forces will be elastic in response to changes in fleet size. Indeed, we encounter only one anomalous finding, reported in column 7: we would expect that mine warfare forces would be regarded as luxuries and therefore react positively to shifts in the size of the navy. Surprisingly, we find the contrary.

Before moving on, several interesting points about the regression results are worth making. First, statistically our findings are highly sig-

[79] This calculation is based on standard navy accounting practice during the period. The United States has extended carrier service life through periodic substantial rebuilding of existing vessels. Nondeployable carriers undergoing service life extension or major reconstruction are excluded from this count, regardless of whether they are technically decommissioned.

[80] For our calculations, we have taken the battle fleet as composed of attack aircraft carriers, battleships, warships designed for fleet escort duties, and warships designed for fleet radar picket duties. These are the forces principally designed to operate as a unit to destroy or contain the adversary's concentrated surface fleet and its bases ashore.

[81] This is calculated here as the sum of ASW carriers, surface ocean-escort types, and modernized diesel-powered attack submarines suitable for ASW barrier duty.

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TABLE 2
IMPACT OF MAHANIAN IMAGES OF NAVAL POWER

	(1) Change in Battle Fleet as Share of Fleet	*(2) Change in Nuclear-powered Attack Subs as Share of Fleet*	*(3) Change in ASW Fleet as Share of Fleet*	*(4) Change in ASW Carriers as Share of Fleet*	*(5) Change in Diesel-powered ASW Subs as Share of Fleet*	*(6) Change in Amph. Warships as Share of Fleet*	*(7) Change in Mine Warships as Share of Fleet*
Change in fleet size[a]	−.0765	−.0415	.0933	.0104	.0281	.0827	−.0304
(t-statistic)	(3.849)	(3.607)	(2.591)	(3.534)	(2.104)	(2.453)	(1.894)
War dummy	.0040	.0067	−.0054	−.0001	−.0060	.0076	−.0056
(t-statistic)	(1.092)	(3.149)	(0.808)	(0.201)	(2.420)	(1.213)	(1.870)
Time trend	−.0001	.0002	−.0001	−1.63e-6	−.0003	3.09e-5	−.0002
(t-statistic)	(0.365)	(1.998)	(0.178)	(0.064)	(2.996)	(0.105)	(1.287)
Constant	.0031	.0001	.0014	−.0002	.0077	−.0057	.0028
(t-statistic)	(0.745)	(0.035)	(.0857)	(0.273)	(2.710)	(.0789)	(0.809)
R-square	.3330	.4706	.1977	.2988	.3907	.2076	.1751
Adj. R-square	.2724	.4225	.1248	.2351	.3353	.1355	.1001
N	37	37	37	37	37	37	37

[a]Our idea-driven model's hypotheses are that parameter estimates reported for "Change in fleet size" will be negative and statistically significant in columns 1 and 2 and that they will be positive and statistically significant in columns 3, 4, 5, 6, and 7.

nificant. Second, the models, in general, explain a reasonable proportion of the variance. Third, if (as we theorized) ideas are of critical importance and ideas about naval war have been relatively constant over the period examined, then we should not find a significant secular trend. Except for diesel- and nuclear-powered attack submarines, this expectation is confirmed. The exception is an interesting one, and can be viewed as an exception that tends to confirm the rule. Nuclear-powered submarines represented a technological revolution during the period being studied. Though they were able to serve different missions than diesel-powered ones, they made diesel-powered submarines, in the opinion of the navy and government, obsolete. The secular trend was, therefore, for nuclear-powered submarines to replace diesel ones, roughly on a one-for-one basis. Because of the Mahanian function that the new nuclear-powered attack submarines were able to serve, however, they were (as predicted) treated as essential forces; older diesel-powered submarines were (again as predicted) treated as inessential luxuries.

Our third set of hypotheses dealt with the impact of Vietnam. We reasoned that, because of the emergence of new images of foreign policy, we should see a different pattern in the acquisition of amphibious warfare forces after, say, the Tet offensive. Is this the case?

As Table 3 demonstrates, it is. If we look at the relative effort devoted to the construction of new amphibious warfare forces, measured either in terms of numbers of hulls or in terms of tonnage, American policy was different after Tet than before. The construction of amphibious warfare forces received significantly reduced emphasis with the rise of the "Vietnam syndrome" image of American foreign policy.

Thus our evidence is generally supportive of our alternative theory, that naval force posture is a function of images of naval warfare and American foreign policy. Knowing even a little about these images, we can predict a significant amount of the variance in naval force posture that we have witnessed. Our ability to construct an alternative model to explain variance that Model III was unable to explain adds to our doubts about the power of Model III.

Conclusions

That bureaucratic politics exist is beyond question. The issue, rather, is whether bureaucratic politics *matter*—whether we need to take them into account to understand state behavior and whether knowledge of the intragovernmental games being played will allow us to predict ac-

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TABLE 3
IMPACT OF POST-TET IMAGES OF FOREIGN POLICY

	(1) Amphibious Warship Hulls as Share of New Construction	*(2) Ampibious Warship Tonnage as Share of New Construction*
Post-Tet dummy[a]	−.1761	−.3391
(t-statistic)	(2.417)	(2.878)
War dummy	.1217	.1888
(t-statistic)	(2.953)	(2.832)
Time trend	.0045	.0135
(t-statistic)	(1.270)	(2.347)
Constant	.0948	.0586
(t-statistic)	(2.018)	(0.771)
R-square	.3843	.3429
Adj. R-square	.3265	.2813
N	36	36

[a] Our idea-driven model's hypotheses are that parameter estimates reported for the Post-Tet dummy will be negative and statistically significant.

tual state actions. Both Model III and the anecdotal evidence would lead us to expect that bureaucratic politics played an important role in shaping the U.S. Navy in the postwar period and that to understand the naval capabilities the United States has chosen to possess we must understand the bureaucratic balance of power that existed. Statistical analysis of navy budgets, ship construction programs, and changes in fleet composition, however, yields no support for this proposition.

U.S. naval force posture is far from inexplicable, though. Knowing the existing images of naval power and foreign policy, we are able to at least begin to model the evolution of U.S. naval forces over the last forty or so years.

The dangers of generalization are obvious. Nonetheless, the case we have examined seems to have been a critical one for Model III. Given the weight of evidence that parochial loyalties have indeed split the navy and that the navy bureaucracy—in particular, the CNO—has been dominant in determining naval force posture, the findings from this case give us considerable reason for skepticism about any generalized claims that bureaucratic politics are critical in shaping state behavior. The evidence also points in the direction of a more speculative conclusion. The evidence presented here, though far from conclusive, is con-

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sistent with the notion that ideas make a difference. Taken together, these findings raise the possibility that much of the effort to explain state behavior inconsistent with unitary rational-actor models has been misguided: even in areas of apparently routine bureaucratic decision making, state behavior must be seen as driven not by parochial, bureaucratic self-interest but by the influence of particular sets of widely shared beliefs. Contrary to Allison's speculation, perhaps "the name of the game" is *not* politics, but the competition of ideas for intellectual hegemony.

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THE DYNAMICS OF INFORMATIONAL CASCADES
The Monday Demonstrations in Leipzig, East Germany, 1989–91

By SUSANNE LOHMANN*

ON October 6, 1989, the East German Socialist Unity Party (SED) celebrated the fortieth anniversary of the German Democratic Republic (GDR) with official parades and orchestrated proregime demonstrations. Erich Honecker, the general secretary of the SED, proclaimed the founding of the republic a "historical necessity" and a "turning point in the history of the German people."[1] Twelve days later, on October 18, Honecker resigned. On November 9 the Berlin Wall fell. Less than a year later, on October 3, 1990, the GDR ceased to exist, when the five East German states acceded to its West German counterpart, the Federal Republic of Germany (FRG).

During this period of political turmoil, the city of Leipzig in Saxony became known as the *Heldenstadt* (city of heroes).[2] Mass demonstrations in Leipzig on thirteen consecutive Mondays between September 25, and December 18, 1989, triggered a wave of political protest throughout the GDR. The demonstrators expressed their demands for political liberalization, open borders, and, toward the end of the cycle, German unification. A second set of demonstrations began on January

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[1] Eleonore Baumann et al., eds., *Der Fischer Weltalmanach: Sonderband DDR* (The Fischer world almanac: Special volume GDR) (Frankfurt am Main: Fischer, 1990), 150. German expressions are translated by the author.

[2] Christoph Hein, cited in Wolfgang Schneider, ed., *Leipziger Demontagebuch: Demo Montag Tagebuch Demontage* (Leipzig dismantlingdiary: Demo Monday diary dismantling) (Leipzig: Gustav Kiepenheuer, 1990), 8.

World Politics 47 (October 1994), 42–101

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8, and ended on March 12, 1990. The participants initially called for speedy unification. Later on political parties used the Monday demonstrations as a campaign platform for the first free national elections, held on March 18, 1990. Three more "cycles of protest" took place in fall 1990 and in early 1991.[3] At this time organized groups attempted to exploit the symbolic force of the earlier Monday demonstrations to protest the lack of public access to state security files, the Persian Gulf War, and the negative economic and social consequences of German unification. However, the early momentum was gone, and the demonstrations failed.

Western observers were initially stunned at the speed of the economic and political collapse of the East German regime. With hindsight, however, the regime's economic collapse seems to have been inevitable, given its outdated and obsolete industrial structure and the depleted state of its environment. Similarly, the political fate of the regime appears to have been sealed once its repressive state security network unraveled.

I propose that this peculiar combination of surprise and inevitability is due to the dispersed nature of information about the GDR's precarious economic and political situation. The East German populace was by and large discontent with its standard of living and lack of political freedoms, and it grew increasingly so in the period 1975–89. But this disaffection had no outlet: all avenues by which it could have been made public, and thereby induced political change, were blocked. While elections were held regularly, there was no opposition party, and election outcomes were manipulated. Periodic intraparty purges effectively eliminated any opposition within the ruling party. The freedom of press, radio, and television guaranteed in Article 27 of the GDR constitution was a farce: news publications and broadcasts were controlled by the department for agitation and propaganda of the central committee of the SED. The violent suppression of the 1953 mass uprising with the help of Soviet military forces rendered the cost of antiregime protest prohibitive for all but a small minority. Similarly, the construction of the Berlin Wall in 1961 eliminated the option of emigration for the vast majority of the population. Public opinion polls that indicated a dramatic decrease in public support for the regime in the late 1970s and throughout the 1980s were classified and not accessible to anyone but high-level functionaries. The people's silent dis-

[3] Sidney Tarrow, *Struggle, Politics, and Reform: Collective Action, Social Movements, and Cycles of Protest*, Western Societies Program Occasional Paper no. 21 (Ithaca, N.Y.: Center for International Studies, Cornell University, 1989).

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content and lack of motivation contributed to the poor performance of the East German economy but failed to be reflected in the unrealistically rosy picture drawn by official aggregate economic statistics.

A number of critical events in the late 1980s finally brought to the fore the regime's heavy-handed and manipulative control of its people and contributed to the general sense of anger, bitterness, and frustration. In addition, the external constraints faced by the regime and its citizens changed dramatically. Gorbachev's political reforms in the Soviet Union sowed discontent among the East German people, as they cast doubt on the Soviet commitment to guarantee the existence of the East German regime and thereby lowered the cost of protest. They also liberalized a number of Eastern bloc countries that opened their borders to the West, thus creating a low-cost emigration opportunity for citizens of the GDR vacationing in those countries.

The hard-line leadership of the SED showed no signs of giving in to the pressures generated by the exodus of its citizens via other East European countries in the summer of 1989. But for those who remained trapped in the GDR, the emigration of their compatriots served as a signal. First thousands, then tens and hundreds of thousands of people took to the streets in Leipzig, triggering a wave of mass demonstrations in cities and townships all over the GDR. In response, a reform-minded faction emerged to succeed to the SED leadership and initiate a number of political reforms. The resulting political liberalization created its own dynamics. Once free from state control, the media fed public outrage with its reports on environmental damage, political repression, corruption, and the luxurious lifestyles of the SED elite. Similarly, the legalization of opposition groups and political parties created pressures for free elections. Most important, the official opening of the East German borders to the West led to a flood of additional emigration that ultimately unraveled the regime: German unification became necessary to bring the exodus down to manageable levels.

In this sequence of events, the Leipzig Monday demonstrations played a key role in the transformation and eventual collapse of the regime. This analysis interprets the demonstrations as an "informational cascade" that finally made public some of the previously hidden information about the nature of the regime.[4] With this information in the public domain the viability of the regime was undermined. The Monday demonstrations, too, subsequently died a slow death as their informational role declined.

[4] This expression comes from Sushil Bikhchandani, David Hirshleifer, and Ivo Welch, "A Theory of Fads, Fashion, Custom, and Cultural Change as Informational Cascades," *Journal of Political Economy* 100 (October 1992).

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This article is organized as follows. Section I reviews several theories of mass political action. Section II examines the suppression of mass discontent in East Germany over the period 1949–89, as well as the critical events and external political changes of the late 1980s. Section III analyzes the East German revolution and its aftermath, covering forty-two Monday demonstrations in Leipzig over the period 1989-91. Section IV uses the evidence assembled in Sections II and III to evaluate the theories reviewed in Section I.

I. Theories of Mass Political Action

This section first summarizes two influential theories of how popular disaffection with a regime can translate into mass protest and induce political change: the theory of relative deprivation and the theory of political opportunity structure.[5] Then some traditional threshold and cascade models of collective action are outlined[6] and contrasted with an informational cascade model of mass political action.[7] Finally, the section reviews the work of several scholars who emphasize the role of social embeddedness, personal networks, organized groups, and political leadership for mass mobilization.[8]

[5] The theory of relative deprivation is developed by Ted Robert Gurr, *Why Men Rebel* (Princeton: Princeton University Press, 1970). The following is a partial list of works associated with the theory of political opportunity structure: Charles Tilly, *From Mobilization to Revolution* (Englewood Cliffs, N.J.: Prentice-Hall, 1978); Michael Taylor, "Rationality and Revolutionary Collective Action," in Taylor, ed., *Rationality and Revolution* (Cambridge: Cambridge University Press, 1988); Tarrow (fn. 3).

[6] Albert O. Hirschman, *Exit, Voice, and Loyalty: Response to Decline in Firms, Organizations, and States* (Cambridge: Harvard University Press, 1970); Mark Granovetter, "Threshold Models of Collective Behavior," *American Journal of Sociology* 83 (May 1978); Pamela Oliver and Gerald Marwell, "A Theory of the Critical Mass I: Interdependence, Group Heterogeneity, and the Production of Collective Action," *American Journal of Sociology* 91 (November 1985); Gerald Marwell and Pamela Oliver, *The Critical Mass in Collective Action: A Micro-social Theory* (Cambridge: Cambridge University Press, 1993); Timur Kuran, "Sparks and Prairie Fires: A Theory of Unanticipated Revolution," *Public Choice* 61 (April 1989); idem, "Now out of Never: The Element of Surprise in the East European Revolution of 1989," *World Politics* 44 (October 1991); James DeNardo, *Power in Numbers* (Princeton: Princeton University Press, 1985); Dennis Chong, *Collective Action and the Civil Rights Movement* (Chicago: University of Chicago Press, 1991).

[7] Susanne Lohmann, "Rationality, Revolution and Revolt: The Dynamics of Informational Cascades," Graduate School of Business Working Paper no. 1213 (Stanford, Calif.: Stanford University, December 1992).

[8] Anthony Oberschall, *Social Conflict and Social Movements* (Englewood Cliffs, N.J.: Prentice-Hall, 1973); Doug McAdam, "Micromobilization Contexts and Recruitment to Activism," in Bert Klandermans, Hanspeter Kriesi, and Sidney Tarrow, *International Social Movement Research*, vol. 1 (Greenwich, Conn.: JAI Press, 1988); John D. McCarthy and Mayer N. Zald, "Resource Mobilization and Social Movements: A Partial Theory," *American Journal of Sociology* 82 (May 1977); Carole J. Uhlaner, "Rational Turnout: The Neglected Role of Groups," *American Journal of Political Science* 33 (May 1989); Chong (fn. 6).

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Traditional Models

A grievance-based theory provides the starting point for the literature review. According to Ted Robert Gurr's concept of relative deprivation, people become discontent when they perceive a discrepancy between their expectations and society's ability to ensure the standard of living to which they believe they are rightfully entitled. This type of discontent spurs revolution.

The theory of political opportunity structure is based on the notion that people become active not when they are most deprived, oppressed, or discontent, but when a closed system of opportunities opens up. Sidney Tarrow interprets cycles of protest as collective responses to expanding political opportunities that arise when exogenous events increase the expected payoffs from participation.

Whereas these two theories focus on political action as the primary mode for expressing mass discontent, Albert O. Hirschman's theory of exit, voice, and loyalty identifies several ways that popular disaffection with a regime can induce political change. In its original formulation, his theory is applied to the interaction between customers and a firm in the economic marketplace. Consumers can respond in two ways to a deterioration in the quality of the product: they can shift their demand to the products of another firm (exit); or they can file complaints with the management of the firm (voice). If a sufficiently large number of people take the exit option, the firm will go bankrupt unless it improves the quality of its products fast enough to reverse the exit behavior. The voice option also has a potential to induce an improvement of the firm's products but without threatening to drive the firm into bankruptcy. The likelihood of voice increases with the degree of customer loyalty to the firm's product.

Hirschman's framework sheds light on the situation in which people dissatisfied with the performance of their government can choose to emigrate (exit) or participate in an uprising against the regime (voice), thereby bringing about the collapse of the government or inducing political and economic reforms.[9]

A natural extension of Hirschman's framework allows for some interdependence between the customers' decisions. In many applications, the benefits any one individual derives from consuming the products of a firm increase with the number of other individuals who do likewise. If some customers shift their demand to the products of a

[9] Indeed, he applies the theory of exit, voice, and loyalty to the East German revolution; see Hirschman, "Exit, Voice, and the Fate of the German Democratic Republic: An Essay in Conceptual History," *World Politics* 45 (January 1993).

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competitor, their exit actions may affect the behavior of other consumers who were initially satisfied with the firm's products. Similarly, if customer complaints about the firm's products become public, other consumers may take informational cues from the aggregate number of complaints to draw inferences about the quality of those products. As a result, they may join an exit or voice movement even though their own experiences with the products were positive. Interdependence and informational effects of this kind arguably arise in the context of two applications of Hirschman's theory, emigration and political protest.

The assumption that individual actions are interdependent underlies an extensive literature on behavioral cascades. Mark Granovetter's seminal model is relevant to the situation in which individuals can choose between two alternatives, and the net benefits derived from each alternative depend on the number of other individuals choosing that alternative.[10] The individuals are heterogeneous: each one is characterized by an individual-specific threshold denoting the number of other individuals who must choose an alternative before that individual finds it worthwhile to do so. For a given frequency distribution of thresholds, one individual's choice of an alternative has the potential to push another individual over her threshold; the second individual's action in turn may induce other individuals to follow; and so on until the cascade comes to a stop.

This model generates a number of implications. First, the cascade is monotonic; that is, the number of individuals who choose one alternative increases until it stagnates at some point. Second, the actions of extremists characterized by very low thresholds are crucial for the behavior of moderates with higher thresholds. Third, the triggering and the duration of a cascade depend in a highly sensitive way on the frequency distribution of thresholds.

Gerald Marwell and Pamela Oliver expand on the Granovetter framework. They argue that a cascade is triggered by the behavior of the "critical mass," the set of individuals that is most interested in the outcome of the collective enterprise or for other reasons has strong incentives to make an active contribution. Marwell and Oliver's analysis suggests that group heterogeneity may enhance the prospects for collective action, since the critical mass typically consists of individuals with extremist tendencies.[11]

[10] Thomas Schelling develops a similar model in *Micromotives and Macrobehavior* (New York: W. W. Norton, 1978), chap. 7.

[11] On the role of group heterogeneity for collective action, see also Mancur Olson, *The Logic of Collective Action* (Cambridge: Harvard University Press, 1965), chap. 2; Russell Hardin, *Collective Action* (Baltimore: Johns Hopkins University Press, 1982), chap. 5.

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Timur Kuran develops a variant on the Granovetter model to analyze the dynamics of revolution. He examines the situation in which a status quo regime is replaced by an alternative regime when public opposition to the status quo exceeds a critical level. The cost of political action is assumed to decrease as the size of the protest movement increases. By reducing the cost of political action, one individual's action may encourage other individuals to express their opposition to the regime publicly. As in the Granovetter model, the dynamic path of public opposition in this model is simple: public opposition either increases monotonically or stagnates. The dynamics of the cascade are driven by monotonic changes over time in the external costs of taking action. Extremists turn out in the initial stages of the cascade, while moderates join later on. The unpredictability of revolutions is explained by the hypersensitivity of the path of the cascade to small perturbations in the frequency distribution of thresholds.

James DeNardo's richer model of mass mobilization and political change allows for some strategic interaction between a regime and its opponents. Each individual chooses to participate in a mass movement against the regime if the difference between the movement's demands and the policies of the incumbent regime exceeds an individual-specific critical level. Thus, the regime indirectly controls the size of the protest movement, since by implementing political reforms, it can shift its policies toward those demanded by its opponents and thereby reduce the size of the opposition. DeNardo also suggests, however, that there is a level of mass turnout, a "revolutionary threshold," beyond which reform attempts are futile and the regime collapses.[12]

A more complex version of DeNardo's model examines the situation in which people's participation incentives also depend on the degree of repression, another variable controlled by the regime. While repression deters and intimidates the opposition, it is also a double-edged sword that has the potential to produce a political backlash that may endanger the regime's survival.[13]

Dennis Chong models the dynamic interaction between a protest movement, a countermovement, and a regime. Depending on the parameters of the system that govern the relationship between the relative size of the two movements and the responsiveness of the regime, the time path of turnout may exhibit steady-state, explosive, abortive, or oscillating dynamics.

[12] DeNardo (fn. 6), 107.
[13] Ibid., 217.

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An Informational Cascade Model

The models reviewed so far are based on the assumption that a regime responds to mass opposition in a mechanistic way, either by collapsing or by initiating political reforms. Implicit in many of these models is the notion that the status quo becomes unsustainable when mass protest activities reveal information about its malign nature and lack of public support. Such a process can be explicitly modeled as a signaling game.[14] A formal signaling model has the potential to further our understanding of the process to the extent that its empirical implications differ from those of traditional threshold and cascade models.

In its simplest form, a signaling game consists of two players: a sender and a receiver. The sender has information about the state of the world; the receiver makes a decision. The payoffs for each depend on the interaction between the state of the world and the decision. Thus, the sender has information pertinent to the receiver's decision, and both the sender and the receiver have a stake in allowing the sender's information to be used in the receiver's decision. In this situation, the sender may have incentives to signal her information to the receiver, and the receiver may have incentives to condition her decision on the sender's signal. In the standard signaling game, the following three features affect the degree to which the sender's information is revealed to the receiver: the mode of communication;[15] the cost of sending a message; and the conflict of interest between the sender and the receiver.

Susanne Lohmann applies the signaling approach to the analysis of mass political action.[16] Her dynamic threshold model interprets a sequence of mass protest activities as an informational cascade. (1) People take costly political action to express their dissatisfaction with the incumbent regime. (2) The public then takes informational cues from changes in the size of the protest movement over time. (3) The regime loses public support and collapses if the protest activities reveal it to be malign.

The Lohmann analysis modifies the standard signaling model in a

[14] Two seminal articles on signaling games are Michael Spence, "Job Market Signaling," *Quarterly Journal of Economics* 87 (1973); and Vincent P. Crawford and Joel Sobel, "Strategic Information Transmission," *Econometrica* 50 (November 1982). The application of signaling games to political settings in reviewed by Jeffrey S. Banks, *Signaling Games in Political Science* (Chur, Switzerland: Harwood, 1991).

[15] In the standard signaling game the message space is given by the real line or a finite set of numbers, and the sender's message to the receiver consists of a real number or an element of the set.

[16] Lohmann (fn. 7); idem, "A Signaling Model of Informative and Manipulative Political Action," *American Political Science Review* 87 (June 1993); idem, "Information Aggregation through Costly Political Action," *American Economic Review* 84 (June 1994).

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number of ways. First, information about the nature of the regime is dispersed among the members of the society. In their daily interactions with the regime, some people have positive experiences, others negative ones. Since these are private experiences, it is possible that the status quo regime is maintained by a sufficiently large number of people who are imperfectly informed, whereas it would collapse if some or all of the dispersed negative information were to become publicly known. There are then multiple senders and receivers. The set of senders coincides with that of the receivers, consisting of the entire population. Thus, although each sender and receiver has only imperfect information about the status quo regime, in the aggregate the population is well informed.

An individual receiver cannot unilaterally decide to overturn the status quo regime; this is the collective decision of a large number of people. Similarly, a single action taken by one individual sender does not generally have the potential to convince a sufficiently large number of people to shift their political support to an alternative regime. An individual takes action in hopes that others will participate, in which case their joint efforts may lead to a change in regime. Thus, people's incentives to participate depend on their expectations about how many others will turn out, and they revise their beliefs based on changes in turnout over time.

Second, people are limited in their abilities to articulate their personal experiences and opinions on complex policy issues or to understand other people's communications. The assumptions made about the mode of communication respect these limitations. People can choose to be physically counted as part of a protest movement. Their private information affects their participation incentives and thus influences the size of the protest movement. The masses take an informational cue from this simple signal: aggregate turnout.

Third, a costly political action can be thought of as a voluntary and costly contribution to a public good: information. In the case of multiple senders, the costly transmission of a signal is subject to a free-rider problem. The assumption of costly signaling and the analysis of the free-rider problem distinguish my model from other models of informational cascades that analyze the dynamics of public opinion polls and of fads, fashions, custom, and cultural change.[17]

[17] See Richard D. McKelvey and Peter C. Ordeshook, "Elections with Limited Information: A Fulfilled Expectations Model Using Contemporaneous Poll and Endorsement Data as Information Sources," *Journal of Economic Theory* 36 (June 1985); Bikhchandani, Hirshleifer, and Welch (fn. 4). These models are reviewed in more detail in Lohmann (fn. 7).

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The free-rider problem identified by Mancur Olson is partially overcome even though individuals are assumed to be rational and self-interested.[18] Fundamentally, the probability that one individual's action will be decisive is strictly positive for some set of strictly positive costs of taking action, given that the alternatives are distinct and the population is of finite size. Thus, expected turnout is strictly positive for some range of cost parameters.[19] Moreover, in the signaling setting analyzed by Lohmann, the individuals' policy preferences are correlated. One individual's negative experience, if made public, can affect the regime preferences of a large number of people and may thus have a critical effect on the outcome. In addition, the dynamic setting allows for a multiplier effect. Each individual action has the potential to trigger an informational cascade that may bring about the downfall of the undesired regime. The action affects the information sets of other individuals who in the future may be either encouraged to take action or deterred from doing so.

Fourth, the receivers' interpretation of the signals transmitted by the senders depends on the conflict of interest between the senders and the receivers. The interests of any one receiver coincide with those of some activists and conflict with those of others. The receiver's Bayesian inference problem is complicated by the fact that she does not know whether the interests of any particular activist are aligned with hers: individual participants in mass political action are anonymous. Each receiver only observes the aggregate number of political actions. The information she infers from aggregate turnout is based on her knowledge about the distribution of the individuals' preferences and their participation incentives.

Against this background, the implications of the Lohmann model can now be described. The pattern of participation in any given demonstration is as follows.

1. *Anti-status quo extremists* take political action regardless of their private information.

2. *Activist moderates* take political action conditional on their private information.

3. *Apathetic moderates* may support a regime change but nevertheless abstain because they do not find it worthwhile to incur the cost of taking action.

4. *Pro-status quo extremists* abstain regardless of their private information because they do not wish to increase the likelihood that the status quo regime will collapse.

[18] Olson (fn. 11).

[19] John O. Ledyard, "The Pure Theory of Large Two-Candidate Elections," *Public Choice* 44, no. 1 (1984).

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In each period individuals observe only a simple aggregate statistic: the realized number of political actions. While people know the distribution of individual preferences, they do not know the identity of any particular individual. It is impossible to distinguish whether an activist took political action because she is an anti–status quo extremist or because she has had negative experiences with the status quo regime. Similarly, the public at large does not know the motives of any particular individual who abstained. It cannot distinguish whether an individual abstained because she is a pro–status quo extremist, because she had positive experiences with the status quo regime, or because she considers the cost of taking political action to be prohibitive. However, since some individuals take political action conditional on their private information, some information can be extracted from aggregate turnout. The public discounts observed turnout for extremist political action. People also take into account the expected number of abstentions by apathetic moderates and pro–status quo extremists. Each individual forms an estimate of the number of activist moderates who had adverse experiences with the status quo regime. This estimate is based on her current information set, which contains the individual's private information and the publicly known number of political actions in the current and past periods. The higher the turnout relative to prior expectations, the higher this estimate, and the higher the number of people who favor a regime change.

In each period, the estimated number of activist moderates that turns out relative to the total number of activist moderates provides information about the number of individuals who had negative experiences with the status quo regime. Based on this information, individuals modify their expectations of the benefits to be derived from the status quo regime in the future, the probability that an action taken in the next period will be decisive, and the future costs generated by taking action or abstaining. As a consequence of this update, the identities of anti– and pro–status quo extremists and activist and apathetic moderates shift over time. If turnout in one period is unexpectedly high, for example, an individual who was an apathetic moderate in that period might turn into an activist moderate in the following period. The estimated number of the newly identified activist moderates provides information about the negative experiences of yet another set of individuals.

Even though the individuals who participate in the protest movement may not be representative of the population at large, the public can nevertheless extract some information from aggregate turnout.

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The opinions expressed in the demonstrations will tend to lead public opinion, more so when many moderates turn out and less so when the demonstrations are dominated by extremists. As in the Granovetter and Kuran models, extremists have stronger incentives to participate than do moderates. However, extremist turnout does not per se induce the participation of individuals with more moderate preferences. People are responsive to the informative turnout of activist moderates, whereas they discount extremist turnout. Counter to Marwell and Oliver's claims, the "critical mass" consists of the set of activist moderates and not the set of extremists.

Moreover, in this informational setting, group heterogeneity affects the prospects for and effectiveness of collective action in a more complicated way than is postulated by Marwell and Oliver. On the one hand, due the costliness of political action, the subset of activist moderates who take informative political action may consist of individuals whose preferences are very different from those of the average member of the population. Thus, no individual in a relatively homogeneous population may have incentives to turn out, while the set of activist moderates may be nonempty in a more heterogeneous population. In this case, a higher degree of group heterogeneity is associated with a higher degree of information revelation. On the other hand, information held by extremists is not revealed. Thus, an increase in group heterogeneity beyond a certain level is counterproductive, since it increases the deadweight costs of political action without generating any informational gains. Overall, the maximum degree of information revelation is associated with the degree of group heterogeneity that maximizes the number of activist moderates.

Thus, one important difference between traditional and informational cascade models lies in their treatment of extremists. It is possible to discriminate between these models based on empirical measures of changes in the opinions held by demonstrators and by the population at large over the course of a sequence of mass demonstrations. According to traditional models, extremist turnout is critical in triggering the participation of moderates, and demonstrators' opinions converge over time toward the opinions held by the population. In contrast, the informational model implies that protest activities have little impact and quickly evaporate if demonstrators' opinions are relatively extreme compared with those of the population at large. Further demonstrations are triggered only if some people with relatively moderate opinions participate in the initial stages of a mass protest movement. In

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this case, the population's opinions converge over time toward those held by the demonstrators.

Consider the case of a small number of extremists and activist moderates taking political action in one period, with the estimated number of activist moderates who participate being unexpectedly high. In this situation, a small number of political actions can have a large impact on public opinion. In another period, turnout might be very high, but the estimated number of activist moderates who turn out in this new sample might be so low that public opinion shifts dramatically in support of the status quo regime, and the movement collapses. The critical number of political actions is endogenous and hinges on actual versus expected turnout. Thus, the theory modifies the somewhat mechanistic notion that a regime may collapse in response to sheer numbers, as postulated by Kuran and DeNardo. (The logic of this argument also applies to the case in which a regime responds mechanistically to turnout numbers by initiating political reforms, as in the DeNardo and Chong models.)

The dynamics of the informational cascade model are generated endogenously by information revealed through changes in turnout over time. Given the random distribution of positive and negative experiences within the population, the experiences of the activist moderates in any one period will generally be unrepresentative of the experiences of the population at large, since the activists constitute a small sample. By chance, a high number of activist moderates in any one period may have had negative experiences with the status quo, while the population at large has had positive experiences, or vice versa. The specific dynamics of turnout are generated endogenously by the revelation of information over time, and turnout numbers will have a tendency to vacillate randomly. This implication contrasts with the monotonicity implication of the Granovetter and Kuran models. Moreover, the random dynamics of the Lohmann model differ from the oscillating dynamics that may arise in the Chong model. The latter are predetermined by exogenously fixed reduced-form parameters. Furthermore, the Chong model is also consistent with steady-state dynamics characterized by positive turnout, whereas zero turnout is the only possible steady-state solution in the Lohmann model: if the number of political actions remains constant over time, no further information will be revealed, and consequently no individual will have incentives to turn out.

The Kuran and Lohmann models can be synthesized to examine how the dynamic path of mass turnout over time is affected by uncertainty about the nature of the regime and the cost of participation,

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where the latter varies over time as a function of turnout.[20] In this case, the dynamics of turnout are driven both by the revelation of information through changes in turnout over time, as implied by the Lohmann model, and by changes in the cost of participation induced by changes in turnout over time, as assumed in the Kuran model. By and large, the implications of the Lohmann model still hold. Individuals take into account the effect of their actions on the future path of the cascade and thus on the probability that the regime will collapse. The survival of the regime is determined primarily by the turnout of moderates, while extremist turnout is discounted. The political impact of a demonstration is not a matter of sheer numbers but is instead determined by actual turnout relative to expected turnout. Finally, the dynamic path of turnout over time may not be monotonic.

Similarly, the qualitative implications of the Lohmann model would not be affected if the analysis were extended to allow for a proregime countermovement as in the Chong model.[21] In this case, information would be transmitted by the relative turnout on each side.

The Lohmann framework can also be synthesized with the DeNardo model to provide an informational underpinning for DeNardo's intuition regarding the ambiguous effects of repression.[22] The dynamics of the cascade are then driven by changes in the cost of taking political action and in turnout over time that are induced by the strategic interaction between the regime and its people.

In this synthesis, the status quo regime is modeled as a strategic player who adjusts the degree of repression (and thus the cost of taking political action) in each period in response to past turnout in order to maximize the regime's probability of survival. In doing so, the regime trades off several potentially counteracting effects. First, the cost affects the expected number of activist moderates who take action conditional on their private information and thus influences the expected degree of information aggregation. Whether this informational effect is positive or negative depends on the type of the regime. A malevolent regime has more to lose from information revelation than has a benevolent regime. However, even a benevolent regime may prefer to stifle political action if a decisive subset of the population has priors that they are better off under the status quo. In this case, no information revelation implies that the status quo regime will remain in power for

[20] Such a synthesis is formally developed in section A of the mathematical appendix.

[21] Susanne Lohmann analyzes competitive political pressures in "A Signaling Model of Competitive Political Pressures," *Economics and Politics* (forthcoming).

[22] Such a synthesis is sketched in section B of the mathematical appendix.

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sure, while there is some chance that it will be overturned if information is revealed through political action, due to the random nature of turnout. Second, if different regime types set different costs of taking political action, then the incumbent regime's choice of a cost reveals something about its type. If the benevolent type sets a low cost, then the malevolent type may choose to mimic the behavior of its benevolent counterpart to prevent the population from inferring its malign nature.[23]

The Social Environment of Political Action

Rational choice analyses of political participation are often criticized on the grounds that they provide an "undersocialized" explanation of political action and thus fail to account for the "embeddedness" of individuals in social relations.[24] The alleged failure of the rational choice approach to deal with the free-rider problem of political participation has led many scholars to propose that the social environments in which individuals make their participation decisions enhance the prospects for and effectiveness of collective action.

Anthony Oberschall argues that people who are well integrated into the collectivity are more likely to participate in popular disturbances than are socially isolated, atomized, and uprooted individuals. Similarly, Doug McAdams identifies interpersonal contacts and personal networks (in his words, "micromobilization contexts") as crucial for recruitment to high-risk activism.

The signaling framework presented in the previous section can be extended to interpret personal networks as groups of individuals who share correlated private information. Such information sharing may explain why socially connected people have stronger participation incentives than do socially isolated individuals.

Resource mobilization theory, developed by John D. McCarthy and Mayer N. Zald, emphasizes the importance of organizing activity and political leadership for mobilization. According to this approach, mass movements are driven by political entrepreneurs who gain access to financial and organizational resources and create professional social movement organizations. Similarly, Carole Uhlaner proposes that leaders of organized groups provide selective incentives for group members to become active in support of collective goals. And Chong

[23] A more complex model would allow individuals to make inferences about the repressiveness of the regime based on their interaction with police and state security forces during demonstrations.

[24] Mark Granovetter, "Economic Action and Social Structure: The Problem of Embeddedness," *American Journal of Sociology* 91 (November 1985), 481.

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argues that dedicated activists must provide leadership, since spontaneous mass coordination does not occur.

Frances Fox Piven and Richard A. Cloward criticize the standard argument regarding the role of political entrepreneurship and organization on the grounds that movement leaders often act in ways that blunt or curb the disruptive force of mass movements.[25] In developing permanent mass-based organizations, leaders draw people away from the streets and into meeting rooms. To gain financial or other forms of support for their organizations, they are driven to interact with ruling elites, who in turn have incentives to encourage the channeling of diffuse mass protest into more predictable, more easily controllable, and thus less threatening political organizations.

The standard argument that political entrepreneurship and organization enhances the effectiveness of collective action is further undermined by the application of the signaling approach. If political action plays an informational role, then people will take into account that the members of organized groups or movements have stronger participation incentives, and they will appropriately discount organized activism. Thus, in an informational setting, the provision of selective participation incentives will not systematically bias political decision making in favor of organized interests. Ironically, like the extremists in the signaling model presented earlier, the leadership of an interest group may nevertheless be trapped into providing costly selective incentives in a futile attempt to bias a policy decision in its favor, given that the recipients of its pressures expect the members of the interest group to have stronger participation incentives.

II. Historical Background

This section argues that poor economic performance and extensive political repression led to widespread dissatisfaction with the East German regime, while the public revelation of this discontent was by and large effectively suppressed.[26] In the late 1980s a number of critical events coincided with a change in the external constraints faced by the regime and its people, preparing the way for the revolutionary events of 1989 and their revelation of mass discontent.

[25] Piven and Cloward, *Poor People's Movements: Why They Succeed, How They Fail* (New York: Pantheon, 1977).

[26] For a more detailed account of the history of the GDR as well as relevant references, see Susanne Lohmann, "The Dynamics of Informational Cascades: A Study of the East German Revolution" (Manuscript, UCLA, 1994).

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Mass Discontent and Political Repression, 1949–89

Western businesspeople who swept into East Germany after German unification in 1990 were stunned at the outdated and obsolete state of the industrial structure and the depleted state of the environment. After the collapse of the GDR, journalists and researchers gained access to previously classified data and "oral history" information about daily life in East Germany. Official GDR pronouncements had drawn an unrealistically rosy picture of the East German economy. Perhaps more surprisingly, the performance of the GDR economy had been overestimated by Western journalists, scholars, and statisticians.

However misleading the official picture of the GDR economy, the people themselves were well aware of the contradiction between the slogans celebrating the GDR as a model of socialism and their own daily experience. As workers, they knew firsthand about the decrepit state of the industrial structure. As consumers standing in line for the limited range of low-quality consumer goods, they were all too aware of the stagnation in their standard of living. Nor could they escape the adverse health consequences of industrial pollution.

The East German economy was also performing badly relative to the West German economy. In 1967 East German GDP per employed person was 67 percent of West German GDP. This percentage steadily declined to 40 percent by the time of German unification in 1990.[27] Although East German citizens were by and large not aware of these economic statistics published by Western sources, they nevertheless easily made comparisons between the East and West German standards of living: a steady flow of information was provided by West German television and radio broadcasts that were widely received in the GDR and by the many West German relatives and tourists who visited East Germany each year, starting in the early 1970s. No one—neither the East German regime nor its citizens—could avoid the conclusion that the differences in economic performance between East and West Germany were due to the different potentials of the two economic and political systems. Certainly, the leverage of "cultural differences," often invoked in cross-country comparisons, would seem to be irrelevant in the German case.

[27] Deutsches Institut für Wirtschaftsforschung Berlin, ed., *Handbuch DDR-Wirtschaft* (Handbook GDR economy), 4th ed. (Hamburg: Rowohlt, 1984), 141; Thomas Mayer and Günther Thumann, "German Democratic Republic: Background and Plans for Reform," in Leslie Lipschitz and Donogh McDonald, eds., *German Unification: Economic Issues*, International Monetary Fund Occasional Paper no. 75 (Washington, D.C.: International Monetary Fund, December 1990), chap. 3.

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During the crisis experienced by the GDR economy in the second half of the 1970s and throughout the 1980s, standards of living stagnated and popular discontent increased. Classified public opinion polls conducted by the Central Institute for Youth Research in Leipzig indicate that the identification with Marxism-Leninism and with the SED dropped dramatically among students, apprentices, and young workers between 1975 and 1989; similarly, young people lost faith in the historical perspective of socialism (see Table 1).[28] Given the SED's massive attempts to indoctrinate young people, these numbers are indicative of a serious legitimacy problem. Public opinion poll data of this kind were accessible only to high-level SED functionaries. The people themselves were of course aware of their own increasing disillusionment with the regime, but they did not know how widespread the feeling was.

Together with the state of the economy, the extent of political repression that became known after the East German revolution of 1989 surprised Western observers and even many East Germans. The *Stasi* (short for *Staatssicherheitsdienst*, or state security police) consisted of a network of about eighty-five thousand full-time employees and over one hundred thousand informers who collected vast amounts of information used to intimidate the citizens of the GDR and eliminate any active opposition against the regime.

An effective political opposition did not exist. The noncommunist parties and mass organizations that formed the National Front together with the SED were de facto subservient peons. Voters could express their opposition to the official slate only by abstaining from the vote or by invalidating their ballots, but as participation in elections was systematically monitored and enforced, they were generally disinclined to do so. An individual could choose between voting openly or casting her vote in the secrecy of a voting booth, but the presumption was that a loyal supporter of the SED would have no need to be secretive. Unsurprisingly, the National Front typically won about 99 percent of the vote, with participation rates running at about 99 percent.

In a political system dominated by one party, competition between various factions within the ruling party may serve as a partial substitute for party competition in a multiparty system. In East Germany, how-

[28] The Leipzig data are documented in Walter Friedrich, "Mentalitätswandlungen der Jugend in der DDR," *Aus Politik und Zeitgeschichte* (supplement to *Das Parlament*) B16–17/90 (1990). The polls of the Central Institute for Youth Research were typically conducted in written form and in groups to guarantee anonymity. The polls were not representative by the standards of Western public opinion research; but they usually involved large samples (>1,000) and random selection within large units such as large state enterprises, school districts, and the like.

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TABLE 1
POLLING DATA OF YOUNG PEOPLE'S ATTITUDES TOWARD THE REGIME, 1970–89
(PERCENTAGE)

Date of Poll	*Identification with Marxism-Leninism*						*Belief in Historical Perspective of Socialism*								
	Apprentices			*Students*			*Apprentices*			*Young Workers*			*Students*		
	Strong	*Weak*	*None*	*Strong*	*Weak*	*None*	*Strong*	*Weak*	*None*	*Strong*	*Weak*	*None*	*Strong*	*Weak*	*None*
1970	—	—	—	—	—	—	46	36	18	35	41	18	65	27	8
1975	46	40	14	61	34	5	63	28	9	56	35	9	78	20	2
1979	33	49	18	57	35	8	50	35	15	39	43	18	66	20	2
1981	28	50	22	—	—	—	—	—	—	—	—	—	—	—	—
1983	—	—	—	—	—	—	47	45	8	45	47	8	68	31	1
1984	—	—	—	—	—	—	50	42	8	44	46	10	—	—	—
1985	14	40	46	—	—	—	—	—	—	—	—	—	—	—	—
1986	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1988	13	46	41	—	—	—	10	32	58	6	30	64	—	—	—
May 1989	9	35	56	35	46	19	—	—	—	—	—	—	15	39	46
Oct. 1989	6	32	62	—	—	—	3	27	70	—	—	—	—	—	—

Date of Poll	Identification with SED														
	Apprentices			*Young Workers*			*Students*			*SED Members*			*Nonmembers*		
	Strong	*Weak*	*None*	*Strong*	*Weak*	*None*	*Strong*	*Weak*	*None*	*Strong*	*Weak*	*None*	*Strong*	*Weak*	*None*
1970	24	53	23	23	52	25	32	48	20	87	13	0	20	55	21
1975	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1979	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1981	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1983	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1984	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1985	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1986	26	53	21	26	52	22	45	48	7	81	19	0	22	58	20
1988	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
May 1989	10	37	53	21	35	44	24	40	36	48	44	8	8	37	55
Oct. 1989	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

SOURCE: Friedrich (fn. 28), 25, 27, 29.

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ever, periodic intraparty purges effectively eliminated any active opposition to the hard-line course.

Another potential source of public information—a free press—was not available in the GDR. The department for agitation and propaganda of the central committee of the SED prescribed how topical issues and events were to be reported. The overall policy was to glorify the conditions of living in the GDR relative to the prevailing conditions in West Germany.

Until over five million people took to the streets in the fall of 1989, there had been only one instance of large-scale protest against the regime. On June 16, 1953, construction workers in Berlin spontaneously went on strike to protest an increase in work norms that amounted to a substantial decrease in their real wages. Their strike triggered other strikes and demonstrations in Berlin, and the wave of protest subsequently spread to the provinces. The character of the protest movement changed along the way, as people began to demand free elections, unrestricted rights to form political parties, and freedom for all political prisoners. On June 17, 500,000 workers were involved in strikes, and 408,000 people, mostly blue-collar workers, took part in demonstrations. While the protest in Berlin quickly dissipated, protest activities flared up in the provinces through June 23 and 24. The intensity and scale of the protest took the authorities by surprise, but the uprising was eventually suppressed with the help of the Soviet military.

Fifty-two people died in the uprising. This number includes seven court-martialed and shot by the Soviet military; three sentenced to death by GDR courts; three people crushed to death by Soviet tanks; one heart attack; one prison suicide; four police and security forces who died in the line of duty; and one security guard tortured to death by demonstrators. Most of the remaining victims died of gunshot wounds inflicted by GDR police and security forces and by Soviet military forces.[29]

Between 1949 and 1961, 2.7 million people reacted to the dismal economic situation and the political repression in the GDR by emigrating to the West. The East German economy suffered from this loss of

[29] These numbers are provided by Torsten Diedrich, *Der 17. Juni 1953 in der DDR* (June 17, 1953, in the GDR) (Berlin: Dietz, 1991), 293–96. The officially announced number of deaths was twenty-five. Archive materials that became available after German unification suggest that hundreds may have died; see *Der Spiegel*, "SED Akten über den 17. Juni 1953 entdeckt: 'Der mit dem Bart muß weg,'" June 14, 1993, pp. 65–69; and Armin Mitter and Stefan Wolle, *Untergang auf Raten: Unbekannte Kapitel der DDR-Geschichte* (Decline in installments: Unknown chapters of the history of the GDR) (Munich: C. Bertelsmann, 1993), chap. 1.

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people, most of them young workers, students, and professionals, and the massive discontent revealed by this exodus hurt the reputation of the regime. Once again, the Soviet military saved the regime. During the night of August 12/13, 1961, the borders to the West were closed as construction of the Berlin Wall began. Thereafter, few East German citizens chose either to risk being shot while illegally fleeing the country or to endure the hardships associated with legal forms of emigration.

Critical Events and External Political Change, 1988–89

In the late 1980s a number of critical events contributed to the general sense of anger, bitterness, and frustration. At the same time, changes in the domestic political situation in the Soviet Union indirectly led to a decrease in the costs of emigration and mass protest in East Germany.

Gorbachev's reforms in the Soviet Union enjoyed considerable popularity among East Germans, including many members of the SED, whereas the party leadership reacted with hostility. The party loyalties of many members of the SED suffered when in November 1988 the Soviet magazine *Sputnik* was banned in East Germany because of its sympathetic reports on the political liberalization in the Soviet Union. Similarly, resentment built up among the East German people when the SED leadership publicly defended the bloody June 1989 massacre of the Chinese democracy movement in Tiananmen Square in Beijing.

The regime's heavy-handed control of its people was also apparent in the vote manipulation in the local council elections of May 1989. For the first time a relatively large number of people abstained or invalidated their ballots. According to official results, the National Front received 98.85 percent of the vote, with a turnout of 98.77 percent, but it is now estimated that 10–15 percent were abstentions, which were counted for the SED. The East German authorities were determined to show that the number of voters who refused to cast their ballots for the official slate was lower than the corresponding number in the 1985 elections. Apparently the SED leadership felt sufficiently threatened by the signaling value of abstentions and invalidated ballots that it was willing to take the political risk of engaging in electoral fraud.[30]

One important side effect of Gorbachev's political reforms was the resulting Soviet tolerance for political liberalization in Eastern Europe,

[30] Stephen Kinzer, "Ex-East German Leader Convicted of Vote Fraud but Not Punished," *New York Times*, May 18, 1993, p. A4.

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where hard-line East Germany was one of the last holdouts. While ordinary East Germans had very limited visitation rights to the West, many of them routinely vacationed in other East European countries. When some of these countries opened their borders to the West in the summer of 1989, thousands of East Germans used this low-cost opportunity and emigrated. The refugees were mostly young and well-trained professionals whose absence was severely felt by the GDR economy. Since all of these events were faithfully documented by West German television and radio broadcasts, citizens of the GDR were well-informed.

Observing the unhesitating response of East German tourists to the exogenous decrease in the costs of emigration, other East Germans inferred that the emigrants must have been very dissatisfied with their situation in East Germany. The exodus, by publicly revealing some of the disaffection with the regime, served as a signal to the East German population. The impact of this signal was all the stronger because these tourists were a fairly representative sample of the East German population. The average East German was more likely to take a cue from the exit actions of these vacationers than from the protest activities of nonconformist citizens whose "alternative" lifestyles dominated the oppositional subculture.

The political liberalization in the Soviet Union was an immediate threat to the SED's power for another reason: the very existence of the GDR was guaranteed by four hundred thousand Soviet troops stationed in East Germany. After the failure of the 1953 revolt and the construction of the Berlin Wall in 1961, the population knew that the SED regime was there to stay as long as the Soviet Union was committed to protect and defend the "historical achievements of socialism" in East Germany. Now, given the changes in the internal politics of the Soviet Union, it was doubtful whether Gorbachev would intervene if the SED regime faced a new threat to its existence in 1989. Indeed, at the official celebration of the GDR's fortieth anniversary on October 6, 1989, Gorbachev publicly warned Honecker: "Life will punish latecomers."[31] Many people interpreted this statement as a signal that the Soviet military forces would not intervene if the people took to the streets to demand political reforms.[32]

[31] Baumann et al. (fn. 1), 151.

[32] Empirical support for the argument that the Gorbachev-induced change in the political opportunity structure lowered the costs of protesting in the GDR is provided by Carsten Johnson, "Massenmobilisierung in der DDR im Jahre 1989: Der Wandel der politischen Opportunitätsstruktur und die Dynamik des Massenprotestes" (M.A. thesis, Free University of Berlin, 1992).

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III. The East German Revolution

This section analyzes the East German revolution and its aftermath, covering the period 1989-91.[33] Forty-two Monday demonstrations that took place in Leipzig over this time period are related to the transformation of the communist regime and its subsequent collapse, as well as to the economic and social consequences of German unification. The study focuses on the dynamics of changes in turnout, the issues raised by the demonstrators, the composition of the participants, the role of organized groups, and the political impact of the demonstrations.

Mass Mobilization, 1989–90

The number of public protests that took place in the GDR from January 1989 to September 1990 is given in Table 2, together with the average number of participants. Up to August 1989 both numbers vary erratically at fairly low levels, with a small peak after the controversial May 1989 elections. The numbers increase in September, accelerate in October, and peak in November. On November 4, only days before the fall of the Berlin Wall on November 9, one million people demonstrated in East Berlin; seven hundred thousand GDR citizens took to the streets on November 6; and six hundred thirty thousand on November 7. The number of protest events and turnout then subsided, only to pick up again in January and subsequently settle down at a lower level (albeit still higher than the levels experienced prior to September 1989).

In the fall of 1989 Leipzig was the center of protest. The Monday demonstrations that took place in September and October served as a

[33] For general background, I rely on a special edition of Baumann et al. (fn. 1) and the day-by-day account of the events of fall 1989 in Christoph Links and Hannes Bahrmann, *Wir sind das Volk: Die DDR im Aufbruch: Eine Chronik* (We are the people: The breaking up of the GDR: A chronicle) (Berlin: Aufbau; Wuppertal, Germany: Peter Hammer, 1990). The Leipzig Monday demonstrations are documented and described in Forum Verlag Leipzig, ed., *Von Leipzig nach Deutschland* (From Leipzig to Germany) (Leipzig: Forum, 1991); Neues Forum Leipzig, ed., *Jetzt oder nie: Demokratie Leipziger Herbst '89* (Now or never: Democracy fall in Leipzig '89) (Munich: C. Bertelsmann, 1990); Schneider (fn. 2); Reiner Tetzner, *Leipziger Ring: Aufzeichnungen eines Montagsdemonstranten* (Leipzig Ring: Records of a Monday demonstrator) (Frankfurt am Main: Luchterhand, 1990); Christoph Wielepp, "Montags abends in Leipzig," in Thomas Blanke and Rainer Erd, eds., *DDR: Ein Staat vergeht* (GDR: A state vanishes) (Frankfurt am Main: Fischer, 1990); and Uwe Breitenborn and Dieter Rink, "Die Leipziger Montagsdemonstrationen: Wandlungen einer basisdemokratischen Institution," *Blätter für Deutsche und Internationale Politik* (May 1991). I also utilize newspaper articles published in *Frankfurter Allgemeine Zeitung, Frankfurter Rundschau, Leipziger Volkszeitung, Süddeutsche Zeitung*, and *The Week in Germany*, as well as newspaper articles documented in *taz* [*tageszeitung*], ed., *DDR Journal zur Oktoberrevolution: August bis Dezember 1989* (GDR journal on the October

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TABLE 2
NUMBER OF PUBLIC PROTEST EVENTS AND TURNOUT IN THE GDR
(JANUARY 1989–SEPTEMBER 1990)

Date		*No. of Events*[a]	*Turnout*[b]		*Average Turnout*[c]
1989	Jan.	1	800	(1)	800
	Feb.	3	40	(1)	40
	Mar.	2	300	(1)	300
	Apr.	2	25	(1)	25
	May	3	1,650	(3)	550
	June	6	2,450	(6)	408
	July	5	1,050	(2)	553
	Aug.	2	200	(2)	100
	Sept.	7	16,500	(5)	3,300
	Oct.	32	1,431,050	(29)	49,347
	Nov.	28	3,268,900	(24)	136,204
	Dec.	21	903,082	(16)	56,443
1990	Jan.	26	1,782,567	(22)	81,026
	Feb.	20	464,346	(13)	35,719
	Mar.	4	97,000	(4)	24,250
	Apr.	11	359,600	(8)	44,950
	May	7	46,600	(4)	11,650
	June	12	69,500	(7)	9,929
	July	9	72,800	(7)	10,400
	Aug.	10	259,151	(9)	28,795
	Sept.	12	5,666	(10)	567

SOURCE: Unpublished data obtained from Carsten Johnson, Wissenschaftszentrum Berlin.

[a] Demonstrations, rallies, blockades, memorial vigils.

[b] In parentheses: number of protests for which participation was recorded.

[c] Turnout divided by number of protests for which participation was recorded.

revolution: August to December 1989), 2d ed. (Berlin: S.d., 1990); and *taz*, ed., *DDR Journal Nr. 2: Die Wende der Wende: Januar bis März 1990* (GDR journal no. 2: The turning point of the political change: January to March 1990) (Berlin: S.d. 1990). Public opinion poll data are documented in Peter Föster and Günter Roski, *DDR zwischen Wende und Wahl: Meinungsforscher analysieren den Umbruch* (GDR between political change and elections: Public opinion researchers analyze the radical change) (Berlin: LinksDruck, 1990); Michael Gerth and Robert Grahl, "Zur quantitativen Auswertung der Demo-Befragung vom 8.10.1990" (Manuscript, Leipzig, 1990); Uwe Breitenborn, "Auswertung Demo-Umfrage in Leipzig (März 1991)" (Manuscript, Leipzig, 1991); and *Der Spiegel*, ed., *Das Profil der Deutschen: Was sie vereint, was sie trennt* (The profile of the Germans: What unites them, what separates them), special issue of *Der Spiegel*, no. 1 (1991). East German election results are provided in Thomas R. Cusack and Wolf-Dieter Eberwein,, "The Endless Election: 1990 in the GDR," International Relations Research Group Working Paper no. P91-302 (Berlin: Wissenschaftszentrum Berlin für Sozialforschung, 1991). A more detailed analysis of the Leipzig demonstrations and further references are provided in Lohmann (fn. 26).

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signal for the mass mobilization of the GDR.[34] Mass demonstrations erupted in Leipzig before they spread to other cities, and turnout in Leipzig far exceeded the turnout elsewhere.[35]

There are several reasons for Leipzig's prominent role. First, compared with other cities of the GDR, Leipzig and its environs labored under a particularly moribund industrial structure and more severe environmental problems. Second, the Stasi apparatus was centered in Berlin so that the citizens of Leipzig had marginally more breathing space than did their compatriots in the capital. Third, the *Leipziger Messe* (Leipzig trade fair) regularly brought Western businesspeople and television crews to Leipzig, guaranteeing international media coverage for dramatic protest events. Fourth, the timing and geographical location of events in Leipzig provided a focal point for frustrated people who were willing to participate in mass protest but somehow had to coordinate their individual decisions without knowing or being able to identify one another.[36]

Since 1982 the Nikolai Church had been conducting peace prayers on Mondays from 5 to 6 P.M. In the course of 1989 small-scale protests occurred in connection with the peace prayers, leading to a number of arrests. By mid-1989 the church and the peace prayers were firmly established in the minds of the people as an "institution" of protest associated with the local oppositional subculture.

It was commonly known that each Monday at about 6 P.M. a large number of people would come streaming out of both the Nikolai Church and other nearby churches that held late afternoon services. Many of these people would cross the Karl-Marx-Platz, the central town square. We know from the diary of one of the regular demonstrators that small groups of friends typically met on Monday afternoons in the city center, where they would join churchgoers and other strangers to form a demonstration.[37] They would then proceed along

[34] Wielepp (fn. 33), 72; Links and Bahrmann (fn. 33), 140.

[35] The largest single demonstration took place in East Berlin on November 4; however, in the fall of 1989, turnout in Leipzig was highest, both in the aggregate over time and in terms of percentage of local population mobilized.

[36] Opp and his coauthors suggest that the Leipzig setting is a perfect example of a focal point in a coordination problem; see Karl Dieter Opp, "DDR '89: Zu den Ursachen einer Spontanen Revolution," *Kölner Zeitschrift für Soziologie und Sozialpsychologie* 43, no. 2 (1991); idem, "Spontaneous Revolutions: The Case of East Germany in 1989," in Heinz D. Kurz, ed., *United Germany and the New Europe* (Cheltenham, England: Edward Elgar, 1993); Karl Dieter Opp and Christiane Gern, "Dissident Groups, Personal Networks, and Spontaneous Cooperation: The East-German Revolution of 1989," *American Sociological Review* 58 (October 1993); and Karl Dieter Opp, Peter Voß, and Christiane Gern, *Die volkseigene Revolution* (The revolution owned by the people) (Stuttgart: Klett-Cotta, 1993).

[37] Tetzner (fn. 33), 16.

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the Ringstraße, which encircles the center of the town, picking up additional people along the way (see Figure 1). Thus, the unique timing and the convenient layout of the city center facilitated the spontaneous coordination of thousands and later tens and hundred of thousands of individual participation decisions.

Political entrepreneurship and organization played a secondary role

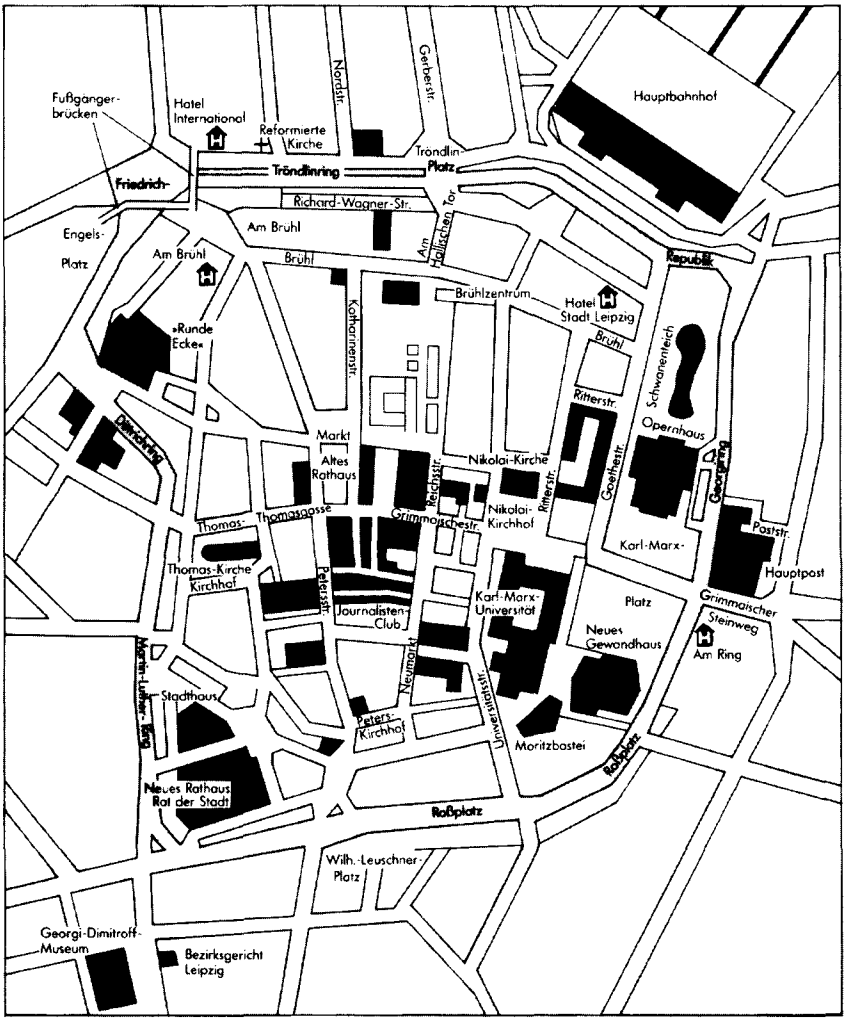

FIGURE 1
THE RINGSTRASSE IN LEIPZIG

SOURCE: Tetzner (fn. 33), 6.

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in the mass uprising of 1989. While the formation of new opposition groups and political parties was centered in Berlin, the citizens of Leipzig expressed their political preferences, opinions, and attitudes through spontaneous, unorganized mass demonstrations. The decentralized character of the Leipzig demonstrations arguably contributed to their strength vis-à-vis the regime: "Since the demonstrations [were] unorganized, there [was] no possibility of appealing to someone to intervene and prevent something from happening."[38]

Social embeddedness and personal networks do, however, appear to have influenced individual participation decisions. A poll of thirteen hundred Leipzig citizens conducted by Karl Dieter Opp and Peter Voß a year after the first cycle, in November and December 1990, suggests that participants in the 1989 protest were more likely than were nonparticipants to be members of various social groups.

The average turnout numbers for the Leipzig Monday demonstrations are provided in Table 3; the dynamic path of turnout over time (averaged across sources) is shown in Figure 2.

On September 25, 1989, a first cycle consisting of thirteen demonstrations began. Initially the demonstrators called for political liberalization and open borders; later on, for German unification. Over six thousand people participated in the first demonstration. This number increased to almost eighteen thousand on October 2. Both demonstrations were peaceful; but a dozen or so people were arrested in the first demonstration, and the authorities used violence to break up the second one.

On October 9 a third demonstration took place against the background of an ominous rumor that spread quickly through Leipzig (and was later confirmed): Honecker himself had signed the *Schießbefehl* (order to shoot) for a Chinese solution to the protest. On that day large containers of tear gas were unloaded in the Leipzig freightyard. The hospitals prepared for a bloodbath by setting up extra beds and acquiring additional blood reserves. Helmets, shields, riot sticks, and gas masks were distributed to the police. A unit of the National People's Army from the southern GDR was equipped with lethal munitions. *Betriebskampfgruppen* (military units staffed with workers from the state enterprises) were assembled. In short, "the GDR faced the possibility of civil war."[39]

At 5:45 P.M., just fifteen minutes before the end of the peace prayers, the police and the military withdrew, and about sixty thousand

[38] Links and Bahrmann (fn. 33), 30.
[39] Ibid., 88.

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TABLE 3
TURNOUT AT THE LEIPZIG MONDAY DEMONSTRATIONS

	Demonstration Number	*Date*	*Turnout* [a]
FIRST CYCLE	1	Sept. 25, 1989	6,500
	2	Oct. 2, 1989	17,938
	3	Oct. 9, 1989	60,300
	4	Oct. 16, 1989	105,000
	5	Oct. 23, 1989	245,000
	6	Oct. 30, 1989	284,545
	7	Nov. 6, 1989	325,000
	8	Nov. 13, 1989	209,000
	9	Nov. 20, 1989	201,429
	10	Nov. 27, 1989	192,000
	11	Dec. 4, 1989	183,214
	12	Dec. 11, 1989	114,688
	13	Dec. 18, 1989	163,333
SECOND CYCLE	1	Jan. 8, 1990	127,857
	2	Jan. 15, 1990	136,250
	3	Jan. 22, 1990	111,250
	4	Jan. 29, 1990	101,667
	5	Feb. 5, 1990	97,857
	6	Feb. 12, 1990	65,714
	7	Feb. 19, 1990	40,000
	8	Feb. 26, 1990	10,500
	9	Mar. 5, 1990	17,000
	10	Mar. 12, 1990	48,143
THIRD CYCLE	1	Sept. 10, 1990	1,000
	2	Sept. 17, 1990	1,000
	3	Sept. 24, 1990	2,050
	4	Oct. 3, 1990	750
	5	Oct. 8, 1990	1,000
	6	Oct. 14, 1990	1,000
	7	Oct. 22, 1990	1,000
FOURTH CYCLE	1	Jan. 21, 1990	6,500
	2	Jan. 28, 1990	6,000
	3	Feb. 4, 1990	1,375
	4	Feb. 11, 1990	925
	5	Feb. 18, 1990	525

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TABLE 3 (*cont.*)

	Demonstration Number	*Date*	*Turnout* [a]
FIFTH CYCLE	1	Mar. 4, 1991	55,000
	2	Mar. 11, 1991	22,000
	3	Mar. 18, 1991	70,000
	4	Mar. 25, 1991	70,000
	5	Apr. 8, 1991	27,500
	6	Apr. 15, 1991	10,000
	7	Apr. 22, 1991	300

SOURCES: Baumann et al. (fn. 33); Breitenborn and Rink (fn. 33); Forum Verlag Leipzig (fn. 33); Links and Bahrmann (fn. 33); Neues Forum Leipzig (fn. 33); Schneider (fn. 33); *tageszeitung* (fn. 33); *Frankfurter Allgemeine Zeitung*, September 26, October 10, 17, 24, 31, November 7, 14, 21, 28, December 5, 12, 19, 1989, January 9, 16, 23, 30, February 6, 13, 20, 27, March 6, 13, 1990; *Frankfurter Rundschau*, September 26, October 10, 17, 24, 31, November 7, 14, 21, 28, December 5, 12, 19, 1989, January 9, 16, 23, 30, February 6, 13, 20, 27, March 6, 13, 1990; *Leipziger Volkszeitung*, September 26, October 10, 17, 24, 31, November 7, 14, 21, 28, December 5, 12, 19, 1989, January 9, 16, 23, 30, February 6, 13, 20, 27, March 6, 13, September 11, 18, 25, October 9, 15, 23, 1990, January 22, 29, February 5, 12, 19, March 5, 12, 19, 26, April 9, 16, 23, 1991; *Süddeutsche Zeitung*, September 26, October 10, 17, 24, 31, November 7, 14, 21, 28, December 5, 12, 19, 1989, January 9, 16, 23, 30, February 6, 13, 20, 27, March 6, 13, 1990; *The Week in Germany*, March 22, 29, April 12, 1991.

[a] The turnout numbers in the table are calculated as an average across sources. The turnout numbers reported by each source are documented in Lohmann (fn. 26).

unarmed, frightened, and yet very determined people demonstrated peacefully along the Ringstraße:

> The solidarity of the demonstrators was impressive; every one of them had made the decision for himself in spite of the threats made in the press, and his only protection was given by the presence of other demonstrators. When the police chains on the Ring[straße] were opened, and the demonstration passed through unobstructed, its surprising and almost frightening discipline offering no opening for *agents provocateurs*, it became clear that there was no going back to the old GDR, either way. Either civil war in Central Europe or some other, unknown development. We are experiencing the end of the GDR.[40]

The demonstration broke the back of the regime: "On this day, the ninth of October in Leipzig, the German Democratic Revolution of 1989 was victorious."[41] The *Leipziger Herbst* (Leipzig fall) exploded. Over 100,000 people demonstrated on October 16; 245,000 on October 23; about 285,000 on October 30; and 325,000 on November 6. Meanwhile, mass demonstrations erupted all over the GDR.

[40] Wielepp (fn. 33), 76.
[41] Schneider (fn. 2), 8.

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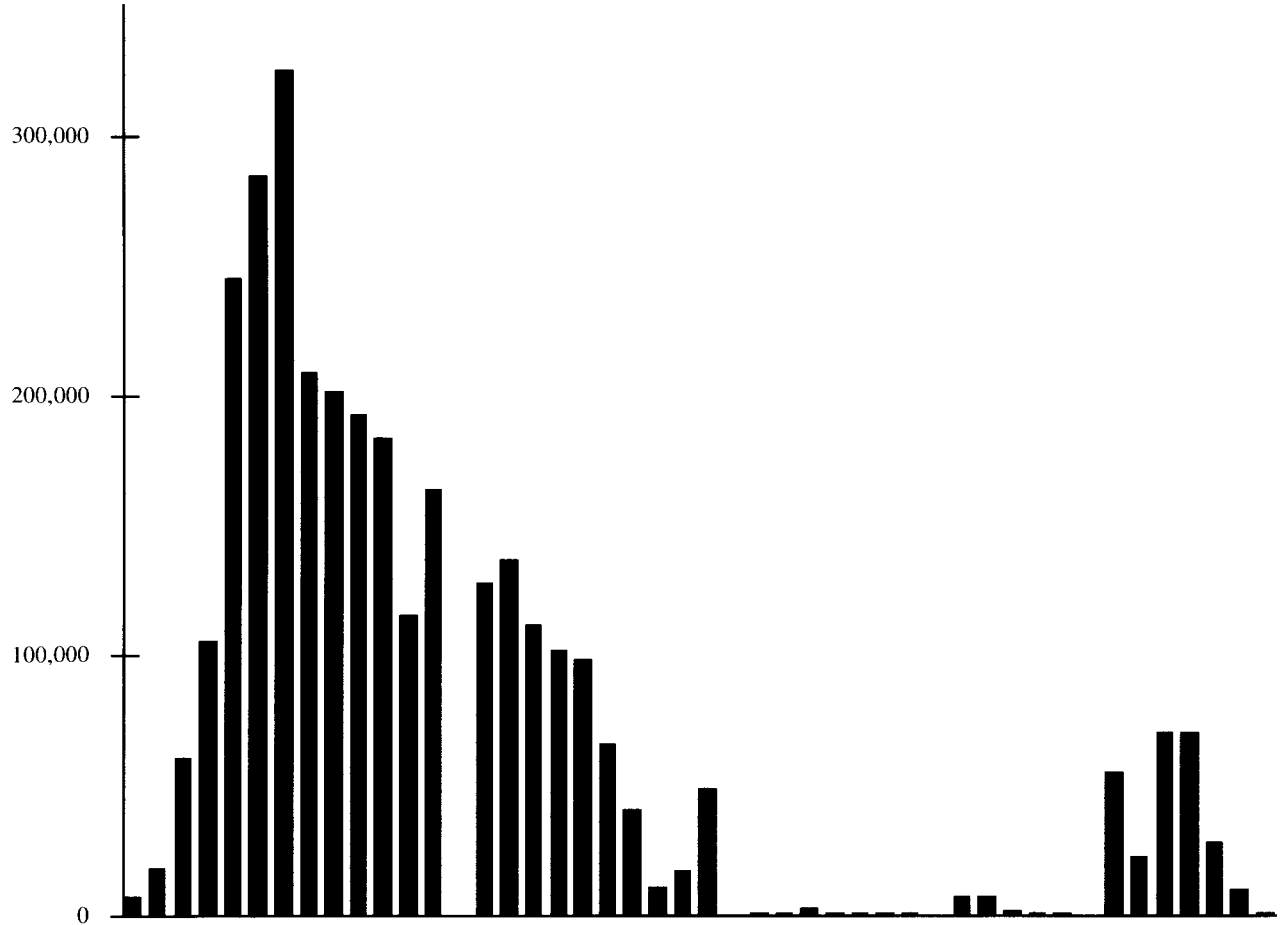

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FIRST CYCLE Sept.–Dec. '89	SECOND CYCLE Jan.–Mar. '90	THIRD CYCLE Sept.–Oct. '90	FOURTH CYCLE Jan.–Feb. '91	FIFTH CYCLE Mar.–Apr. '91

FIGURE 2
TURNOUT AT THE LEIPZIG MONDAY DEMONSTRATIONS
(SEPTEMBER 1989–APRIL 1991)

SOURCES: See table 3.

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The regime gradually responded to the ongoing mass mobilization of its people. A reform-minded intraparty opposition emerged to replace hard-line SED functionaries in party and government. Policy reforms were initiated. Opposition groups and parties were legalized, and free elections were scheduled for 1990. Most importantly, the borders to the West were opened in early November.

The newly critical media fed public outrage and mass protest with reports on Stasi repression, industrial pollution, corruption, and the luxurious lifestyles of high-level SED functionaries. One indicator of the media's responsiveness to the political changes is the coverage of the Monday demonstrations in the local Leipzig daily. Up to mid-October the turnout numbers reported by the *Leipziger Volkszeitung* were systematically biased downward. They then quickly converged toward the numbers reported by other sources.[42] In a short article buried inside the newspaper, the first demonstration in September was described as a "mob . . . with obvious anti-socialist tendency."[43] Subsequent demonstrations were reported at greater length and on the front page. By mid-October the *Leipziger Volkszeitung* celebrated the "dialogue" initiated by the demonstrators and commented favorably on their "constructive proposals" for improving socialism.[44]

After the fall of the Berlin Wall on November 9, turnout in Leipzig on subsequent Mondays steadily fell to a low of about 115,000 on December 11. It then increased again when over 160,000 people responded to the call issued by prominent Leipzig citizens and church representatives to attend the last Monday demonstration before Christmas on December 18 and light candles in celebration of the *Leipziger Herbst.*

In the meantime the composition of the demonstrators and the issues they raised had changed. Until early November many had demonstrated for the right to emigrate. Once the borders were opened, those people left for the West and thus dropped out of the demonstrations. East Germans whose economic prospects in West Germany were good—men, skilled workers and professionals, educated and middle-aged people—were overrepresented among the emigrants.

Thus, in November and December a higher proportion of the participants were people planning to stay in East Germany and therefore hoping for further changes in the political and economic situation. The theme of the demonstrations changed accordingly. The rallying

[42] See Lohmann (fn. 26).
[43] *Leipziger Volkszeitung*, September 26, 1989, p. 10.
[44] Ibid., October 17, 1989, p. 1.

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cry *Wir wollen 'raus!* (We want to leave!) was replaced by the defiant slogan *Wir bleiben hier!* (We will stay!).

Among the East Germans who chose to remain in the GDR, three groups can be distinguished. First, many SED members remained loyal to socialist ideals and demonstrated in favor of party reform; the size and importance of this group declined steadily over time, however. A second group consisted of people who had opposed the SED regime in the years prior to 1989—often at great personal cost. They were also attached to the idea of socialism, albeit with a more humane and democratic face. This set of demonstrators called for a reform of the SED regime that would leave the idea of socialism intact, and they strongly opposed unification, anticipating that a capitalist social and economic system would be imposed on East Germany. These people tended to organize as opposition groups and parties and thus attained considerable political influence in late 1989 and early 1990 by virtue of their ongoing dialogue with the SED and West German politicians: they were the only available spokespeople for the opposition.

However, their attempts to take over the Monday demonstrations were by and large confounded. Beginning in early November, representatives of the opposition citizens' group New Forum and reform-minded members of the SED who delivered speeches at the Monday demonstrations in favor of a "democratic socialist alternative" were greeted with boos and hisses. The unorganized masses participating in the demonstrations clearly had their own ideas about the direction their country should take—ones that differed from those held by many of the opposition groups and parties that claimed to represent them. In November and December the pro-unification forces began to dominate the Monday demonstrations: the slogan *Wir sind das Volk!* (We are the people!) was replaced by *Wir sind ein Volk!* (We are one people!), and the German national anthem was sung as a matter of course. By some measures, the demonstrations became more organized over time: the number of prefabricated banners increased, public address systems were set up, and various groups publicly called on the population to attend the demonstrations. Nevertheless, the Leipzig demonstrations continued to serve as a forum for the expression of the opinions of large numbers of people who were not organized or otherwise politically represented.

This third group of unorganized demonstrators was by and large not loyal to the regime. Many had chosen not to emigrate because they lacked the self-confidence to make a fresh start in the West, anticipating with good reason that their economic prospects in West Germany

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were bad.[45] For these people the best feasible alternative was to push for unification in the hope that their standards of living would then rise to West German standards, a reasonable expectation given the philosophy of income equalization underlying the West German wage-setting, tax, and transfer system.

On January 8, 1990, a second cycle consisting of ten Monday demonstrations began. The demonstrators polarized on the issue of unification. The unified Left favored a reformed socialism and strongly opposed unification, calling for *Selbstbestimmung, keine Fremdbestimmung* (self-determination, not external determination). Other people called for the gradual integration of East Germany into the political and economic system of the FRG. But a large majority demanded immediate unification. Turnout peaked at about 136,000 on January 15, then steadily decreased to 10,500 on February 26, and increased again to 17,000 on March 5. Representatives of the old and newly formed political parties and groups called upon the population to attend the grand finale of the Monday demonstrations on March 12, 1990. But at about 48,000, the turnout was disappointing.

From mid-January on, various political parties used the demonstrations as a campaign platform for the first free national elections in March, giving rise to complaints that the Leipzig demonstrations were being taken over by partisan electoral politics. The last demonstration on March 12 was swamped in importance by the 300,000 people who turned out for West German Chancellor Helmut Kohl's campaign visit to Leipzig on March 14.

Although the party preferences and political opinions and attitudes held by the demonstrators in the first and second cycles were not representative of the East German people as a whole, the demonstrators were not extremists. The sentiments expressed at the Monday demonstrations were a seismograph of future developments in public opinion. Over time, the political preferences, opinions, and attitudes of the population converged to those held by the demonstrators.

This conclusion is based on public opinion poll data compiled con-

[45] This conclusion is supported by public opinion polls conducted in September and October 1990, according to which 42% of East Germans lacked the confidence to make a fresh start by moving to West Germany; see *Der Spiegel* (fn. 33), 15. Similarly, a sample of GDR citizens who emigrated between August and November 1989 was questioned in December 1989 and January 1990, revealing some of the risks involved in moving to the West; 35% of the emigrants seeking a job had failed to find employment at the time of the poll; in 22% of the cases the emigrants' jobs were unrelated to their GDR qualifications; and 19% of the sample was considering returning to the GDR sometime in the future; see Anne Köhler, "Ist die Übersiedlerwelle noch zu stoppen?" *Deutschland-Archiv* 23 (March 1990), 428–29.

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currently with the demonstrations of the first and second cycles by members of the Central Institute for Youth Research and documented by Peter Förster and Günter Roski. Between late November 1989 and late April 1990 four samples of the GDR population were polled, ranging in size from 1,307 to 1,769; and in December 1989 and February 1990 three samples of Monday demonstrators were questioned, ranging in size from 1,147 to 1,405 (see Tables 4 and 5). The polls examined the respondents' attitudes toward unification, their party preferences, their confidence in several East and West German political leaders, and their opinions on other topical issues. These data provide a unique, dynamic picture of the changing sentiments of the population and the demonstrators.[46]

Table 4 shows that the percentage of demonstrators who supported unification was larger than the corresponding percentage in the popu-

TABLE 4
SUPPORT FOR UNIFICATION AMONG DEMONSTRATORS AND GENERAL POPULATION
(NOVEMBER 1989–MARCH 1991)

Poll[a]	*Date*	*Number of Respondents*	*% Supporting Unification*
POP I	Nov. 20–27, 1989	1,578	48
DEMO I	Dec. 4, 1989	1,405	75
POP II	Jan. 29–Feb. 9, 1990	1,769	79
DEMO II	Feb. 12, 1990	1,147	92
POP VI	Sept.–Oct. 1990	2,250	88
DEMO III	Oct. 8, 1990	100	25
DEMO IV	Mar. 4, 1991	94	52
DEMO IV	Mar. 4, 1991	94	52

Poll[a]	*Date*	*Number of Respondents*	*% Supporting Speedy Unification*[b]
POP II	Jan. 29–Feb. 9, 1990	1,769	39
DEMO II	Feb. 12, 1990	1,147	67
POP III	Feb. 26–Mar. 6, 1990	1,307	50

SOURCES: Förster and Roski (fn. 33), 164: POP I, DEMO I, POP II, DEMO II, POP III; *Der Spiegel* (fn. 33), 21: POP IV; Gerth and Grahl (fn. 33), 1–2: DEMO III; Breitenborn (fn. 33), 2: DEMO IV.

[a] Public opinion polls of the general population and of demonstrators are labeled POP and DEMO, respectively.

[b] Percentage of those supporting unification.

[46] An informational cascade argument suggests that these poll results could have provided an additional source of information for the general public and thereby affected the path of the East German revolution. However, I believe that such informational effects are negligible: the mass public was by and large unaware of these poll results.

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TABLE 5
PARTY PREFERENCES OF DEMONSTRATORS AND GENERAL POPULATION
(NOVEMBER 1989–MARCH 1991)

Poll[a]	*Date*	*Poll*	*Number of Respondents*	*Percentage of Party Supporters*				
				CDU	*SPD*	*FDP*	*SED*[b]	*CM*[c]
POP I	Nov. 20–27, 1989	public opinion poll	1,578	10	6	—	31	17
DEMO I	Dec. 4, 1989	public opinion poll	1,405	12	37	—	6	18
POP II	Jan. 29–Feb. 9, 1990	public opinion poll	1,769	13	53	—	12	6
DEMO II	Feb. 12, 1990	public opinion poll	1,147	21	40	1	4	9
POP III	Feb. 26–Mar. 6, 1990	public opinion poll	1,307	22	34	1	17	2
POP IV[d]	Mar. 18, 1990	people's parliament election[g]	11 million	40.85	21.87	5.28[f]	16.36	4.88
POP V[d]	May 6, 1990	local council elections[g]	9 million	30.59	21.05	6.39	13.99	2.42
DEMO III[e]	Oct. 8, 1990	public opinion poll	96	2	13	3	31.5	88.5
POP VII[d]	Oct. 14, 1990	regional state elections[g]	8 million	43.95	25.36	7.81	11.50	6.67
POP VIII[d]	Dec. 2, 1990	federal parliament election[g]	9 million	41.80	24.30	12.90	11.10	6.10
DEMO IV	Mar. 4, 1991	public opinion poll	94	3.1	31.9	5.3	24.4	46.8

SOURCES: Förster and Roski (fn. 33), 166: GDR I, DEMO I, GDR II, DEMO II, GDR III; Cusack and Eberwein (fn. 33), 12: GDR IV, GDR V, GDR VII, GDR VIII; Gerth and Grahl (fn. 33), 1–2: DEMO III; Breitenborn (fn. 33), 2: DEMO IV.

[a] Polls of the general population and of demonstrators are labeled POP and DEMO, respectively.

[b] SED/PDS, PDS or Left List for some public opinion polls and elections.

[c] Citizens' Movements: includes Union 90, New Forum, Greens, and for some public opinion polls and elections Democracy Now, Independent Womens' Union, and Initiative for Peace and Human Rights.

[d] Party vote shares in East Germany are reported

[e] Percentage numbers add up to over 100% because respondents were allowed to express support for more than one party.

[f] Vote share of the Union of Free Democrats (FDP, LDP, DFP).

[g] For elections, the number of respondents refers to the number of valid votes in East Germany.

lation. The support for unification increased over time among both demonstrators and the population at large, with the demonstrations leading public opinion (see Figure 3). Similar results were obtained when the demonstrators and the population were asked whether they preferred speedy or gradual unification: a majority of demonstrators came down firmly on the side of the former, and the population subsequently followed suit.

Large majorities of the demonstrators and the population were in agreement regarding the desirability of free elections, which were eventually scheduled for March 1990. Table 5 summarizes the percentages of demonstrators and of the population that express support for the Christian Democrats (CDU), the Social Democrats (SPD), the Communists (SED, later renamed PDS), and other parties in a sequence of public opinion polls and elections. The CDU became increasingly popular among demonstrators, and this trend was subsequently replicated in the population, culminating in the CDU's unexpectedly large electoral success in March 1990 (see Figure 4). Similarly, the demonstrators anticipated the rise and decline of the SPD's popularity in the population. Not surprisingly, sympathizers of the SED/PDS were highly underrepresented at the demonstrations. The demonstrators and the population shared similar preferences for the smaller parties and groups.

The demonstrations also led public opinion with regard to the rise and decline of the popularity of several East and West German political leaders. Demonstrators were relatively more suspicious of Hans Modrow, the popular and apparently squeaky-clean chief communist administrator in Dresden who briefly succeeded to the prime ministership prior to unification but subsequently lost popular confidence. The demonstrators' suspicions were confirmed ex post when Modrow was later convicted of participating in the vote fraud of May 1989. Similarly, demonstrators were more distrustful of the representatives of the SED's former vassal parties, such as Manfred Gerlach and Günther Maleuda. Their distrust was confirmed by further revelations about the subservient and self-serving behavior of these parties, and the population subsequently followed the demonstrators' lead.

Helmut Kohl was vastly more popular among demonstrators than among the population at large, as was Lothar de Maizière, the leader of the East German CDU. The Social Democrat Oscar Lafontaine was more or less equally popular among demonstrators and in the population. Overall, the 1990 participants in the demonstrations were more conservative (in terms of their party preferences), compared with both the 1989 demonstrators and the 1990 population.

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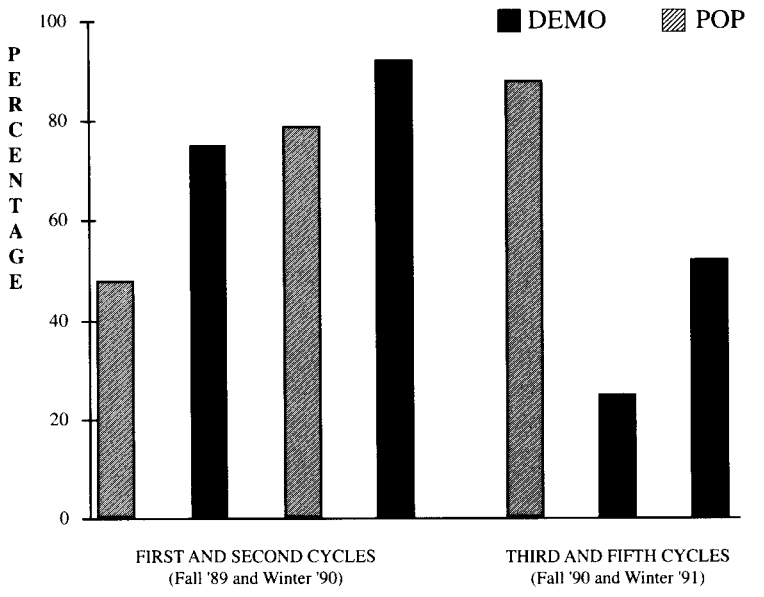

FIGURE 3
SUPPORT FOR UNIFICATION AMONG DEMONSTRATORS AND GENERAL POPULATION
(NOVEMBER 1989–MARCH 1991)

SOURCES: See table 4.

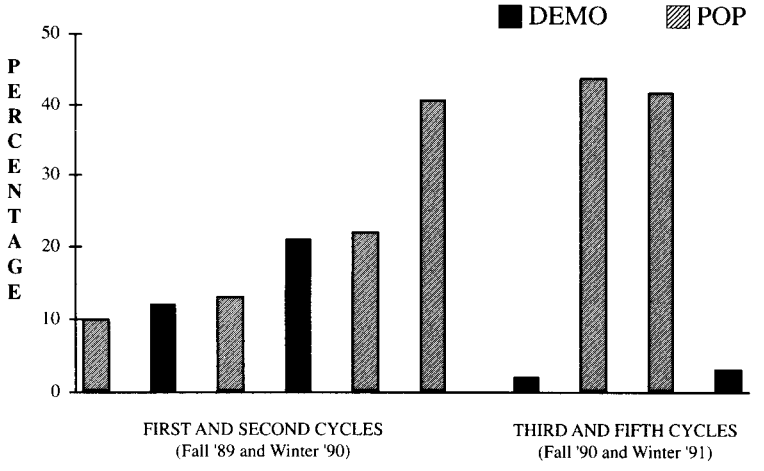

FIGURE 4
SUPPORT FOR THE CHRISTIAN DEMOCRATIC PARTY AMONG DEMONSTRATORS AND GENERAL POPULATION
(NOVEMBER 1989–MARCH 1991)

SOURCES: See table 5.

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AFTERMATH, 1990–91

Three further cycles of protest took place in late 1990 and early 1991 (see Table 3 and Figure 2). The seven demonstrations of the third cycle coincided with the period of German unification, September and October 1990. Turnout averaged about one thousand, peaking at two thousand on September 24. These demonstrations were organized by opposition citizens' groups, in particular the New Forum and the Initiative for Peace and Human Rights, and they were attended primarily by activists and sympathizers from these groups. The demonstrators were protesting the negative social and economic consequences of speedy unification and the lack of public access to Stasi files. The organizers had deliberately chosen to start on *Messemontag* (the first day of the Leipzig trade fair) to exploit the presence of Western television crews. They were also hoping to link their protest symbolically with the fall 1989 demonstrations.

However, their protest failed: German unification on October 3, the *Land* (state) elections in East Germany on October 14, and further instances of right-wing extremist unrest dominated the attention of the people and the media. Indeed, these demonstrations were not even mentioned by the *Leipziger Volkszeitung*, whose coverage of the Monday demonstrations is otherwise complete.

A poll of one hundred demonstrators taken October 8 by Michael Gerth and Robert Grahl suggests that this set of demonstrations was dominated by extremists. The support for mainstream parties was minuscule: 2 percent for the CDU, 13 percent for the SPD, and 3 percent for the FDP. A stunning 88.5 percent of the participants expressed support for the Union 90, New Forum, and Greens, 31.5 percent for the Left List and PDS.[47] These numbers can be compared with the vote shares the parties received in the *Land* elections that took place one week later: CDU 43.95 percent, SPD 25.36 percent, FDP 7.81 percent, Union 90, New Forum, and Greens 6.67 percent, Left List and PDS 11.50 percent. Clearly, the demonstrators were highly unrepresentative in terms of their party preferences (see Table 5).

Similarly, 75 percent of the demonstrators had a negative attitude toward German unification, compared with 12 percent of the East German population. While 92 percent of the demonstrators claimed to have participated in at least one of the demonstrations of the first

[47] The percentage numbers add up to more than 100% because the respondents were allowed to express support for more than one party.

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and second cycles, only 8 percent said they had demonstrated in favor of speedy unification. In contrast, 67 percent of the demonstrators on February 12, 1990, had favored speedy over gradual unification (see Table 4).

The first all-German elections were held on December 2. The SED's successor organization, PDS, did fairly well (given the circumstances), by getting 11.10 percent of the East German vote. The Social Democrats, initially favored as the most popular party in East Germany, received a disappointing 24.30 percent of the vote. The SPD's candidate for the chancellorship, Oscar Lafontaine, was partly responsible for this electoral disaster. His warnings about the social and economic costs of unification and his call for a gradual transition to unification were unpopular positions in East Germany at the time. Moreover, his opponent was Helmut Kohl, the popular architect of speedy unification, who had suggested that East German standards of living would soon converge to West German standards, requiring little hardship or unemployment in the transition period. With an East German vote share of 41.80 percent, the CDU/CSU did extremely well (see Table 5).

The groups and parties that had formed the organized opposition to the regime prior to and in the course of the GDR's revolution fared badly. Their devastating defeat in the first free elections revealed that the political preferences, opinions, and attitudes of these self-appointed spokespeople for the East German people were not in line with those of the large majority of East Germans.

A fourth cycle consisting of five demonstrations began on January 21, 1991, to protest the Gulf War. Initially, a large number of students participated, and the first demonstration was attended by sixty-five hundred. This number quickly dissipated, until by February 18 only a hard core of about five hundred activists and sympathizers of the citizens' groups remained. Clearly, the momentum was gone. While these demonstrations were considered newsworthy by the *Leipziger Volkszeitung*, their overall political impact was insignificant.

East German industry underwent a severe crisis in the political turmoil of 1989, and the industrial decline gathered momentum in the course of 1990 and 1991. At the time of German unification on October 3, 1990, about one-fourth of the labor force was either registered as unemployed or on reduced-time work. Against this background, a fifth cycle of seven demonstrations began in Leipzig on March 4, 1991. Organized labor attempted to revive the symbolic force of the earlier Monday demonstrations, this time to protest the dismal economic and social consequences of the crashlike structural changes to industry in

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Leipzig and its environs. The demonstrations were also supported by various citizens' and peace groups, church organizations, and the local branch of the Social Democratic Party. Over fifty thousand people participated in the first demonstration, many of them wholly or partially unemployed. Turnout subsequently decreased to twenty-two thousand on March 11, then increased to seventy thousand on March 18 and 25. After a one-week pause due to the timing of the traditional Easter march for peace that ended in Leipzig on Sunday, March 31, another demonstration was scheduled for April 8. When about twenty-seven thousand people turned out on that day, a speaker of the union of metalworkers attributed the dramatic drop in participation to the "growing resignation" of the population.[48] In contrast to the optimistic atmosphere that had marked the demonstrations of the first two cycles, the prevailing mood was now a mix of bitterness, desperation, and frustration.

After the failed demonstration of April 8, the demonstrations were put "under new management":[49] the citizens' group New Forum took responsibility for organizing future demonstrations. Participation subsequently dropped to ten thousand on April 15. The Leipzig Monday demonstrations drew to a pitiful close when only a few hundred turned out one week later on April 22. (Thereafter Monday demonstrations were staged for the benefit of tourists visiting Leipzig.)

A poll by Uwe Breitenborn of ninety-four demonstrators conducted concurrently with the first demonstration of the fifth cycle suggests that the demonstrators' party preferences were far more extreme than those expressed by Leipzig voters a few months earlier, but less extreme than those of the demonstrators who participated in the third cycle (see Figure 4). Only 3 percent of the demonstrators were favorably disposed toward the CDU; in comparison, 41.80 percent of the East German voters had cast their vote for the CDU in the first all-German national elections on December 2, 1990. The corresponding numbers are 31.9 percent and 24.30 percent for the SPD, 5.3 percent and 12.90 percent for the FDP, 24.4 percent and 11.10 percent for the PDS, and 46.8 percent and 6.10 percent for the citizens' groups and the Greens (see Table 5).

Given the relatively high turnout, the demonstrators' apparently unrepresentative party preferences can be interpreted as an indicator of increasing disaffection with the promises of mainstream political par-

[48] German Information Center, ed., "Monday Demonstrations to Continue 'Under New Management,'" *Week in Germany*, April 12, 1991, p. 2.
[49] Ibid.

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ties rather than as evidence of extremism. Nevertheless, this set of demonstrations had little political impact.

Summary

In the course of the first two cycles of the Leipzig protest turnout fluctuated at overall high levels. The (expected) costs of participation were initially very high, attaining a maximum on October 9, 1989, and then they dropped dramatically.[50] This set of demonstrations was dominated by unorganized masses whose relatively moderate preferences, opinions, and attitudes led public opinion. Their protest was hugely successful in bringing about "revolutionary change," that is, major changes in political personnel and in the structure of the political and economic system.

Turnout fluctuated at very low levels in the third and fourth cycles and at a somewhat higher level in the fifth cycle. The costs of participation were low. Political entrepreneurs and organized groups played an important role. The demonstrations of the third and fourth cycles were dominated by extremists and failed to rouse the people, the media, and political decision makers. While the demonstrators of the fifth cycle were more representative, their protest also had little political impact.

IV. Evaluating the Evidence

I now examine the empirical contribution of the competing theories reviewed in Section I on the basis of the evidence assembled in Sections II and III. The conclusions must be regarded as tentative, however, due to data limitations. The relationship between changes in any two variables is easily confounded, because there is considerable variation in a number of variables over the course of five cycles of protest. Subject to this qualification, the main conclusion drawn on the basis of the evidence is that our understanding of the East German revolution is enhanced if traditional theories of mass political action are supplemented by Lohmann's signaling framework.

GDR citizens experienced the dismal economic situation, the deterioration of the environment, and political repression in their daily lives. Moreover, they were fixated on the increasing gap between East and West German standards of living, which was indicative to them of

[50] The claim that the expected cost of participation attained a maximum in this demonstration is based on the subjective assessments of participants revealed in diaries and documentation covering the Leipzig demonstrations.

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the different potentials of the two economic and political systems. This situation fits Gurr's theory that such relative deprivation spurs revolutionary political action and change. However, this theory fails to explain why mass discontent translated into mass political action and revolutionary change only in 1989. The existence of deprivation, grievances, or oppression is clearly not a sufficient condition for revolutionary action.

The theory of political opportunity structure put forth by Tarrow and others sheds some light on the timing of the East German revolution. Gorbachev's perestroika reforms in the late 1980s led to a rise in the level of discontent in East Germany and a decrease in the costs of protest, thereby preparing the way for the mass mobilization of 1989.

The theories of relative deprivation and political opportunity structure are usefully complemented by an informational approach. Prior to 1989 all channels by which mass discontent could have been publicly revealed were closed: free elections, intraparty opposition, a free press, mass political action, emigration, public opinion polls, and aggregate economic statistics. Critical events and external political change triggered the 1989 explosion of mass protest that gave public expression to the long-standing disaffection with the regime and served as a signal for the citizens of the GDR.

As a first pass, Hirschman's theory of exit, voice, and loyalty provides an organizing framework for our understanding of the East German revolution; but this theory is usefully supplemented by the interdependence and informational effects postulated by other threshold and cascade models. As suggested by Hirschman's theory, the East German people's discontent found expression in emigration and political action. Moreover, the minority of East German citizens who were loyal to the SED or to the idea of a democratic socialist alternative rejected the possibility of emigrating. Instead, they took political action in hopes of exerting pressures for political liberalization and reform.

Hirschman's theory suggests that emigration has the potential to induce regime collapse, whereas political action exerts pressures for political reform. In fact, in East Germany emigration and political action complemented each other in a more complex way.[51] The emigration of thousands of East German citizens in the summer of 1989 did not by itself lead to the downfall of the regime or, for that matter, to its reform. The SED leadership showed no signs of giving in to the pressures

[51] The complementary role played by exit and voice in the East German revolution is also noted by Detlef Pollack, "Das Ende einer Organisationsgesellschaft," *Zeitschrift für Soziologie* 19 (August 1990).

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created by the emigration of thousands of its citizens. Arguably, other countries would not have gone to war to force political reforms or regime change in the GDR. Thus, the political pressure for change had to come from within the GDR, and the summer exodus was one of several critical events that prepared the way for the indigenous mass protest movement that emerged in the fall of 1989. The regime responded only when significant numbers of its people took to the streets. The resulting political liberalization created its own dynamics. Most important, the opening of the East German borders to the West further reduced the costs of emigration so much that the resulting flood of emigrants undermined the economic viability of the regime and ultimately made German unification inevitable. Thus, exit was a necessary but not sufficient condition for the collapse of the East German regime.

Cascade models by and large fail to capture the rich empirical dynamics of mass political action and political change. The demonstrators' objectives did not remain constant over time; indeed, the protest movement eventually polarized over the desired alternative to the old regime. Similarly, the addressee of the people's protest activities changed over time, as did the nature of the information conveyed by mass political action.

The dynamic interaction between the ongoing mass protest and the step-by-step reform attempts of the communist regime in late 1989 and early 1990 also casts doubt on the empirical descriptiveness of another assumption underlying many cascade models, namely, that a regime will "collapse" if turnout exceeds a critical level. While the relatively large turnout in the critical demonstration of October 9 played an important role in triggering political change, it did so indirectly by changing the future cost of protest. After this demonstration, people continued to participate in mass political action because their protest activities generated ongoing pressures for political liberalization and reform. The eventual collapse of the regime was not a direct consequence of mass political action; instead, it followed from the regime's response to the pressures generated by mass mobilization, and specifically from the regime's decision to open the borders.

Furthermore, the evidence undermines the somewhat mechanistic notion that the effectiveness of mass political action is a matter of sheer "power in numbers,"[52] as postulated by DeNardo, Kuran, and Chong. Instead, it supports Tarrow's insight that attention should be

[52] DeNardo (fn. 6).

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paid to what is "*considered* disruptive, challenging and efficacious" relative to prior expectations, as is also implied by Lohmann's signaling theory.[53] The first three demonstrations in Leipzig were characterized by relatively low turnout, yet they played a critical role in triggering protest throughout the GDR. When many more people demonstrated all over the GDR in November 1989, the momentum for political change was already established.

Kuran's cascade model is based on the assumption that the costs of publicly opposing the regime decrease as the number of protesters increases. The evidence suggests, however, that the costs of protest did not decrease in a mechanistic and commonly known way as a function of turnout. Instead, it supports the synthesis of the Lohmann, Kuran, and DeNardo models sketched in Section I.[54] The costs of protest, or the degree of repression, were endogenously determined by the strategic interaction between the regime and its opponents. Potential participants were uncertain about the willingness of the regime to massacre its people. Similarly, the regime faced considerable uncertainty in assessing the ambiguous effects of repression on the size of the active opposition and on its legitimacy and mass support.

For example, the regime chose to back down prior to the critical demonstration on October 9, 1989, after two intraparty factions fought over the relative importance of two counteracting effects. On the one hand, a Chinese solution had the potential to suppress the protest, thereby removing the threat to the SED's power. On the other hand, the regime depended on the active support of at least some of its citizens: the technology of repression, neutralization, and indoctrination is, after all, quite labor-intensive. The negative information about the SED regime that would have been conveyed by a violent crackdown also had the potential to undermine its legitimacy and mass support. A reform-minded faction in the SED argued that the party would lose the support of a large majority of its citizens if it resorted to violence, and this faction took over the leadership.

The erratic path of turnout over time is inconsistent with the implication of Kuran's model that turnout increases monotonically (see Table 3 and Figure 2). Kuran's model might be saved by defining November 9, 1989—the day the Berlin Wall fell and the East German borders were opened—as the date of the collapse of the regime. In this interpretation, Kuran's model would apply only to the preceding pe-

[53] Sidney Tarrow, "'Aiming at a Moving Target': Social Science and the Recent Rebellions in Eastern Europe," *Political Science and Politics* 24 (March 1991), 17.

[54] See also section B of the mathematical appendix.

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riod, and his monotonicity implication would be consistent with the data. However, Kuran's model assumes that the monotonic path of turnout is driven by decreases in the cost of taking political action over time. This assumption is inconsistent with the evidence. The expected costs of political action attained a maximum for the critical demonstration of October 9, when the regime threatened a Chinese solution to the protest, and yet turnout was relatively high on that day and higher than in the previous, lower-cost demonstrations. Thus, the Kuran model is rejected. At first blush, the empirical time path of turnout would appear to be consistent with the Chong model, given that this model allows for steady state, oscillating, explosive, and abortive dynamics depending on the reduced-form parameters of the system. However, the Chong model is inconsistent with qualitative changes in the relationship between mass turnout and the regime's response over time: in his model the parameters of the system are exogenously fixed. In contrast, in a signaling model the regime's response changes endogenously over time as people's participation incentives fluctuate. Traditional and informational cascade models differ in their implications regarding the role of extremists and moderates. By and large, the evidence supports the signaling model developed by Lohmann, according to which the turnout of moderates is crucial for the success of a protest movement, both in terms of its size and its political impact. The preferences, opinions, and attitudes held by the unorganized demonstrators of the first and second cycles were fairly moderate, and these demonstrations were characterized by high turnout numbers and significant political impact. The demonstrations of the third and fourth cycles were dominated by extremists and organized groups, and they were associated with low turnout numbers and little political impact. The demonstrators of the fifth cycle were more representative, and they turned out in larger numbers, but these organized demonstrations also failed. Thus, extremism was positively correlated with low turnout, as suggested by the Lohmann model; the observed correlation between the turnout of moderates and the political impact of their protest has the theoretically predicted sign for the first four cycles though not for the fifth one.

One change in the political environment may partly explain the negligible impact of the last set of demonstrations. East Germany is now integrated into a Western-style democracy in which participation is "cheap" and public protest events compete with multiple other information sources for public attention. Mass demonstrations have more potential under a repressive regime—even if turnout is relatively low

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by the standards of a free society—because the costliness of political action is part of the "message" conveyed by a protest movement, and this message is received by an informationally starved, highly attentive public. While the openness of a system may be conducive to protest, the political impact of protest activities is muted.

Theories that emphasize the role of political leadership and organization in enhancing the prospects for and the effectiveness of collective action fare badly. Contrary to Chong's assertion, large numbers of individuals were able to coordinate their participation decisions spontaneously. Moreover, the successful Leipzig Monday demonstrations were dominated by unorganized individuals and small groups who made their participation decisions in a decentralized way. In contrast, the organized demonstrations of the third, fourth, and fifth cycles were failures. As suggested by the signaling approach, organized efforts appear to be discounted by the people, the media, and political decision makers.[55]

Political entrepreneurs and leaders of organized groups are typically not representative of the population; they usually have fairly extreme political preferences and opinions. The effect of political organization on the prospects for and effectiveness of collective action could thus easily be confounded with the effect of extremism. However, the evidence allows us to disentangle some of the effects of these two variables: political organization was negatively correlated with both turnout and political impact, while the evidence regarding the link between the turnout of moderates and extremists, on the one hand, and the political impact of their protest, on the other, is mixed, as noted above.

The argument that social embeddedness and personal networks enhance the likelihood that individuals become involved in collective action is supported by the finding that demonstrators were more likely to be members of various social groups.

It is perhaps appropriate to end this paper with a discussion of the rational choice approach to the analysis of individual participation in a mass uprising. Many scholars question the value of a benefit-cost analysis of high-risk activism. For example, Scott Corey suggests that the rational choice approach cannot deal with "the fact that one's life is

[55] Interestingly, a negative relationship between organization and the strength of protest also shows up in the Italian and West German protest data analyzed by Sidney Tarrow, *Democracy and Disorder: Protest and Politics in Italy, 1965–1975* (Oxford: Clarendon Press, 1989); and Ruud Koopmans, "The Dynamics of Protest Waves: West Germany, 1965–1989," *American Sociological Review* 58 (October 1993). In their data the peak in the total number of protests coincides with the peak in the number of unorganized protests.

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at stake in joining a revolution. The 'expected value' (to adopt the vernacular) of death is not 'zero.' It is 'negative infinity.' No matter how small the risk, it will not outweigh that disutility in the equation."[56] The mystical notion that people assign the utility value "negative infinity" to their own death is contradicted by people's revealed preferences in their daily lives, when they choose to cross streets, accept employment in a hazardous workplace, or go hunting in their leisure time. For each of these activities, the probability that an individual will meet her death is very small but strictly positive. The product of negative infinity and an arbitrarily small but strictly positive probability is equal to negative infinity. If people truly derived negative infinity utility from their deaths, they would be paralyzed in making any but the most trivial decisions in their daily lives.

As an empirical matter, the risks taken by East German protesters were certainly not insignificant in size, but they were hardly on a qualitatively different plane as suggested by Corey. In the failed 1953 revolt, a few dozen East Germans out of 500,000 strikers and 408,000 demonstrators died. To my knowledge, there were no reported deaths caused by police or security forces for the 1989 East German revolution. Of course, participants in the critical demonstration of October 9, 1989, faced the very real possibility that their protest would end in a massacre; but even then they could reasonably expect that only a few dozen—in the worst case perhaps several hundreds—out of tens of thousands of participants would meet their death. For any one demonstrator, the implied probability of death is rather low.

Moreover, the rational choice approach is not inconsistent with the notion that individual participation decisions may be influenced by factors that are not traditionally included in a benefit-cost analysis—altruism, heroism, the desire for personal autonomy and integrity, and the like. A theory that invokes these factors as an explanation of costly collective action is bound to fare poorly. Applied to the East German experience, such a theory can "explain" the mass mobilization of 1953 and 1989, but it fails to motivate the passive acquiescence of the East German people in the thirty-six years that passed between these two dates. Nor can this theory shed much light on the dynamic path of turnout over the course of the 1953 revolt or the 1989 revolution.

In contrast, the benefit-cost approach is based on the idea that people respond systematically to changes in their incentive structures. The

[56] Scott Corey, "Crisis in the Study of Revolution" (Paper presented at the meetings of the American Political Science Association, September 1992), 8.

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evidence assembled here supports this approach by demonstrating that individual participation did in fact vary in predictable ways with changes in the expected benefits and costs of political action. The contribution of this paper is to show that individual participation decisions may depend on changes in aggregate turnout over time because people extract benefit-cost information from turnout numbers.

In conclusion, this analysis interprets the Leipzig Monday demonstrations as an informational cascade that publicly revealed some of the decentralized information about the malign nature of the East German regime and that thereby created pressures for political liberalization and reform and eventually led to the collapse of the regime. The Monday demonstrations subsequently died a slow death as their informational role declined with their spontaneity, and the handlers came in.

Mathematical Appendix: An Informational Cascade Model of Mass Political Action

A. Synthesis of the Lohmann and Kuran Models

This section synthesizes the Lohmann and Kuran models to analyze the situation in which the dynamics of mass turnout over time are driven by uncertainty about the nature of the ruling regime and the cost of participation. The model consists of two stages, a political action stage (periods *1* to *T*) and a policy stage (period *T+1*). The society has n members, indexed by $i=1, \ldots, n$. Individual i's utility function is given by

$$U_i = -(p - p_i)^2 - \sum_{t=1}^{T} d_{i,t} c_t, \qquad (1)$$

where p is the policy set by the regime that is incumbent in period $T+1$; p_i is individual i's policy ideal point; $d_{i,t}$ is an index variable that takes on value one if individual i takes political action in period t, and value zero otherwise; c_t is the cost incurred by the individual if she takes political action in period t, $c_t>0$.[57] The individuals' ideal points are assumed to be uniformly distributed between $-\bar{p}$ and $\bar{p}$, $\bar{p}>0$. The distribution is common knowledge, but each individual is privately informed about her own ideal point.

[57] For simplicity, I assume that the individuals do not discount the future. The results of the analysis would not be affected qualitatively if this assumption were relaxed to allow for some discounting.

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The first term in the utility function reflects the benefits generated by the policy implemented by the regime that is incumbent in period $T+1$:[58]

$$p = \begin{cases} Q - q & \text{if } R = 0, \\ A - a & \text{if } R = 1, \end{cases} \qquad (2)$$

where R is an index variable that takes on value zero if the status quo regime is maintained at the policy stage, and value one if the status quo regime is overturned in favor of the alternative regime; Q-q is the policy set by the status quo regime, while the policy A-a would be implemented by the alternative regime. Each of the two policies consists of a commonly known, fixed component, Q and A, $0 \leq Q < A \leq 1$. The random components q and a are independently drawn from a commonly known uniform distribution $\beta(.)$ over the unit interval.

The second term in the utility function captures the losses incurred due to the costliness of taking political action. The cost in period t, c_t, is assumed to be decreasing in the turnout in period t, m_t:

$$\partial c_t / \partial m_t < 0. \qquad (3)$$

This assumption can be motivated with the "safety in numbers" characteristic of the technology of suppression: given the amount of resources a regime devotes to suppressing mass protest, it is plausible that a higher number of activists is associated with a lower likelihood that any one activist will experience injury, death, or imprisonment and thus with a lower expected cost of taking political action.

At the beginning of period 1, Nature independently draws the values of q and a. Then each individual observes an independent realization of a binary signal σ. The probability that any individual observes the realization $\sigma=1$ is equal to q, while the probability of the realization $\sigma=0$ is given by $1-q$. Thus, the realization of σ is informative about the status quo policy Q-q. Given that the individual experiences are private information, each individual is very imperfectly informed about the value of q. In the aggregate, the population is better informed since it observes n independent draws of the signal σ. However, at this time,

[58] The loss function could be modified to include a term that reflects the losses generated by the incumbency of the status quo regime in periods $1, \ldots, T$. However, the addition of this term would not change the individuals' political action decisions, since their actions or abstentions cannot affect these losses.

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no single individual is informed about the aggregate number of individuals of type $\sigma=0$ or $\sigma=1$. Moreover, since no information is revealed about the value of a, the expectation of the alternative policy is given by $A-1/2$.

Next, each individual chooses whether to take political action. The individuals are differentiated with respect to their ideal points p_i and their private information σ. Formally, their political action strategies in period 1 are given by $\pi_1(i,\sigma)\in\{0,1\}$. An individual who takes political action in period 1 ($\pi_1=1$) privately incurs the cost c_1. An individual who abstains ($\pi_1=0$) does not incur any cost. It is commonly understood that an individual who takes political action wishes to express her dissatisfaction with the status quo regime.[59]

At the beginning of periods $t=2,\ldots,T$, m_{t-1} individuals are publicly observed to take political action. Each individual chooses whether to take political action in period t, based on her ideal point p_i, her private information σ, and the public information $m_1\ldots,m_{t-1}$. Her political action strategy is given by $\pi_t(i,\sigma,m_1\ldots,m_{t-1})\in\{0,1\}$. In each period, an individual who takes action ($\pi_t=1$) incurs the cost c_t; an individual who abstains ($\pi_t=0$) does not.

In period $T+1$, the status quo regime collapses and is replaced by the alternative regime ($R=1$) if it is commonly known that the alternative regime is supported by more than k individuals, $0<k<n$. Otherwise the status quo regime is maintained ($R=0$).[60]

At this point in time, the game ends. The values of q and a are revealed. Each individual's payoffs are realized as a function of the policy set by the regime that is in power in period $T+1$ and of the total costs of taking political action incurred by that individual.

The structure of the game is common knowledge. The equilibrium concept employed is a refinement of sequential equilibrium.[61]

A refined sequential equilibrium of the game is given by the individuals' political action strategies in period 1, $\{\pi_1(i,\sigma)\}$, and in periods $t=2,\ldots,T$, $\{\pi_t(i,\sigma,m_1,\ldots,m_{t-1})\}$; and by their beliefs at the beginning of period 1, $\{\beta(q|i,\sigma)\}$, and of periods $t=2,\ldots,T+1$, $\{\beta(q|i,\sigma,m_1,\ldots,m_{t-1})\}$.

[59] Lohmann (fn. 21) develops a variant of the model in which proponents of the status quo may choose to take counteracting political action, albeit in a static setting.

This specification of the individuals' political action strategies restricts them to using pure strategies. The pure strategy cutpoint equilibrium characterized here does not exist for a subset of the parameter space. In this case, a mixed strategy equilibrium may arise. Lohmann (fn. 21) sketches the mixed strategy solution, albeit for a static setting.

[60] A more complex model would explicitly analyze the individuals' regime support strategies; compare Lohmann (fn. 16, 1994).

[61] David H. Kreps and Robert Wilson, "Sequential Equilibria," *Econometrica* 50 (July 1982). Lohmann (fn. 16, 1994) discusses the equilibrium concept in more detail.

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The individuals' strategies and beliefs are consistent with each other and fulfill the following conditions:

(E1) Individual i's political action strategy in period 1, $\pi_1(i,\sigma)$ minimizes her expected loss $E(L_i|i,\sigma)$ given the information set $I(i,\sigma)$. The individual's political action strategy in periods $2, \ldots, T$, $\pi_t(i,\sigma,m_1,\ldots,m_{t-1})$, minimizes her expected loss $E(L_i|i,\sigma,m_1,\ldots,m_{t-1})$ given the information set $I(i,\sigma,m_1,\ldots,m_{t-1})$.

(E2) At the beginning of period 1, individual i uses Bayes' Rule to update that $\beta(q|i,\sigma)$ is the posterior density of the value q conditional on the information set $I(i,\sigma)$. At the beginning of periods $t=2, \ldots, T+1$, the individual uses Bayes' Rule to update that $\beta(q|i,\sigma,m_1,\ldots,m_{t-1})$ is the posterior density of the value q conditional on the information set $I(i,\sigma,m_1,\ldots,m_{t-1})$.

I now formally characterize the individuals' political action decisions in periods $1, \ldots, T$ and their beliefs in periods $1, \ldots, T+1$. To simplify the exposition, I restrict attention to the case of $T=2$.[62] Thus, the political action stage consists of periods 1 and 2, the policy stage of period 3.

Before the individuals observe the realizations of the signal σ, their preferences over regimes depend only on their ideal points p_i. An individual whose ideal point lies below the cutpoint $\hat{p}$ is a supporter of the status quo regime, while an individual whose ideal point lies above this cutpoint prefers the alternative regime. The cutpoint $\hat{p}$ is given by

$$\hat{p} = (Q+A)/2 - E(q) = (Q+A)/2 - 1/2. \tag{4}$$

At the beginning of period 1, people form posterior beliefs about the value q based on their private information σ:

$$\beta(q|i,\sigma) = \beta(q|\sigma) = \begin{cases} 2(1-q) & \text{if } \sigma=0, \\ 2q & \text{if } \sigma=1. \end{cases} \tag{5}$$

Individuals of type $\sigma=0$ tend to be more favorably disposed toward the status quo regime than are individuals of type $\sigma=1$. Moreover, all else being equal, an individual with a low ideal point will tend to prefer the status quo regime, and an individual with a high ideal point will tend to prefer the alternative regime.

Thus, the individuals' regime preferences are determined both by their ideal points p_i and their private information σ. An individual whose ideal point lies above the cutpoint $\hat{p}^{\sigma=0}$ unconditionally supports the alternative, while an individual whose ideal point lies below

[62] The intuition underlying the results can be conveyed by the analysis of this special case. The more general case of $0<T<\infty$ is analyzed in Lohmann (fn. 7), albeit in an otherwise simpler setting.

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the cutpoint $\hat{p}^{\sigma=1}$ is an unconditional supporter of the status quo regime. The cutpoints $\hat{p}^{\sigma=0}$ and $\hat{p}^{\sigma=1}$ are given by

$$\hat{p}^{\sigma=0} = (Q+A)/2 - E(q|\sigma=0) = (Q+A)/2 - 1/3, \quad (6)$$

$$\hat{p}^{\sigma=1} = (Q+A)/2 - E(q|\sigma=1) = (Q+A)/2 - 2/3. \quad (7)$$

Individuals whose ideal points are located between the two cutpoints $\hat{p}^{\sigma=0}$ and $\hat{p}^{\sigma=1}$ prefer either the status quo or the alternative depending on their private information. They support the status quo if they are of type $\sigma=0$, and the policy alternative if they are of type $\sigma=1$. Equations (6) and (7) imply that $\hat{p}^{\sigma=0} > \hat{p}^{\sigma=1}$.

The individuals' political action decisions in period *1* depend both on their ideal points p_i and their private information σ. Each individual compares the expected benefits and costs of taking action.

The expected benefits are equal to the probability that the individual's action will be decisive in bringing about a collapse of the status quo regime, multiplied by the expected benefits from a regime change. The individual's action affects the likelihood that the status quo regime will collapse in a number of ways. Her action contributes to the public information about the regime. This information will be part of the individuals' information sets in period *3* and thus influence their support for the two regimes. Moreover, by affecting the information sets of other individuals, one individual's action may encourage others to take action in period *2* or deter them from doing so. Their future actions or abstentions will in turn have an effect on other individuals' regime preferences.

The individual's action also influences the cost of political action in the current period. In addition, her action changes the information set of other individuals and thus has an impact on expected turnout and the expected cost of taking action in period *2*, thereby affecting the degree to which further information is revealed.

In conclusion, individual *i* takes action in period *1* if

$$\iint \sum_{m_1=\bar{m}_1+1}^{\bar{m}_1} \sum_{m_2=\bar{m}_2}^{\bar{m}_2} \{[prob(R=1|m_1,m_2,q) - prob(R=1|m_1-1,m_2,q)] \cdot \quad (8)$$

$$b(m_1-\underline{m}_1-1;\bar{m}_1-\underline{m}_1-1,q)\, b(m_2-\underline{m}_2;\bar{m}_2-\underline{m}_2,q)\} \cdot$$

$$[(Q-q-p_i)^2 - (A-a-p_i)^2]\, \beta(q|\sigma)\, \beta(a)\, dq\, da \leq$$

$$\int \sum_{m_1=\underline{m}_1+1}^{\bar{m}_1} c_1(m_1)\, b(m_1-\underline{m}_1-1;\bar{m}_1-\underline{m}_1-1,q)\, \beta(q|\sigma)\, dq$$

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$$+ \int \sum_{m_1=\underline{m}_1+1}^{\bar{m}_1} \sum_{m_2=\underline{m}_2}^{\bar{m}_2} \{[prob(\pi_2=1|i,\sigma,m_1,q) - prob(\pi_2=1|i,\sigma,m_1-1,q)]\cdot$$

$$c_2(m_2)\, b(m_1-\underline{m}_1-1;\bar{m}_1-\underline{m}_1-1,q)\, b(m_2-\underline{m}_2;\bar{m}_2-\underline{m}_2,q)\}\, \beta(q|\sigma)\, dq;$$

otherwise the individual abstains.

In period *1* there exist two types of informationally differentiated individuals, types $\sigma=0$ and $\sigma=1$. Their equilibrium political action strategies in period *1* are characterized by two type-specific political action cutpoints, $\tilde{p}^{\sigma=0}$ and $\tilde{p}^{\sigma=1}$.[63]

An individual of type (i,σ) whose ideal point is exactly equal to $\tilde{p}^{\sigma}$ is indifferent between taking political action and abstaining in period *1*:

$$\iint \sum_{m_1=\bar{m}_1+1}^{\bar{m}_1} \sum_{m_2=\bar{m}_2}^{\bar{m}_2} \{[prob(R=1|m_1,m_2,q) - prob(R=1|m_1-1,m_2,q)]\cdot \quad (9)$$

$$b(m_1-\underline{m}_1-1;\bar{m}_1-\underline{m}_1-1,q)\, b(m_2-\underline{m}_2;\bar{m}_2-\underline{m}_2,q)\}\cdot$$

$$[(Q-q-\tilde{p}^{\sigma})^2 - (A-a-\tilde{p}^{\sigma})^2]\, \beta(q|\sigma)\, \beta(a)\, dq\, da =$$

$$\int \sum_{m_1=\underline{m}_1+1}^{\bar{m}_1} c_1(m_1)\, b(m_1-\underline{m}_1-1;\bar{m}_1-\underline{m}_1-1,q)\, \beta(q|\sigma)\, dq$$

$$+ \int \sum_{m_1=\underline{m}_1+1}^{\bar{m}_1} \sum_{m_2=\underline{m}_2}^{\bar{m}_2} \{[prob(\pi_2=1|i,\sigma,m_1,q) - prob(\pi_2=1|i,\sigma,m_1-1,q)]\cdot$$

$$c_2(m_2)\, b(m_1-\underline{m}_1-1;\bar{m}_1-\underline{m}_1-1,q)\, b(m_2-\underline{m}_2;\bar{m}_2-\underline{m}_2,q)\}\, \beta(q|\sigma)\, dq.$$

This indifference condition implicitly defines the cutpoints $\tilde{p}^{\sigma=0}$ and $\tilde{p}^{\sigma=1}$.

All individuals whose ideal points lie strictly above the cutpoint $\tilde{p}^{\sigma=0}$ strictly prefer to take political action. Individuals of type $\sigma=0$ whose ideal points lie strictly below the cutpoint $\tilde{p}^{\sigma=0}$ strictly prefer to abstain from taking political action. In contrast, individuals of type $\sigma=1$ whose ideal points are adjacent to this cutpoint will take political action, since their private information makes them more favorably disposed toward a regime change. Thus, the cutpoint $\tilde{p}^{\sigma=0}$ separates anti-status quo extremists and activist moderates in period *1*. Anti-status quo extremists turn out independently of their private information, while activist moderates take action conditional on their private information.

Similarly, all individuals of type $\sigma=1$ whose ideal points lie strictly above the cutpoint $\tilde{p}^{\sigma=1}$ strictly prefer to take political action. Individu-

[63] I restrict attention to the case in which $\tilde{p}^{\sigma=0} > \tilde{p}^{\sigma=1}$. The alternative case in which $\tilde{p}^{\sigma=0} < \tilde{p}^{\sigma=1}$ is easily derived along the lines developed here.

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als whose ideal points lie strictly below the cutpoint $\tilde{p}^{\sigma=1}$ strictly prefer to abstain from taking political action. Thus, the cutpoint $\tilde{p}^{\sigma=1}$ separates activist and apathetic moderates. In contrast to activist moderates, apathetic moderates are close to indifferent between the two regimes and thus do not find it worthwhile to pay the cost c_1 to publicly express their regime preferences.

Individuals whose ideal points are close to $-\bar{p}$ are pro–status quo extremists. They abstain independent of their private information because they do not wish to increase the likelihood that the status quo regime collapses.

Thus, the individuals' political action strategies in period *1* can be summarized by the following cutpoint rule:

$$\pi_1(i,\sigma) = \begin{cases} 1 & \text{if } p_i \in [\tilde{p}^{\sigma=0}, \bar{p}] \\ & \text{or if } p_i \in [\tilde{p}^{\sigma=1}, \tilde{p}^{\sigma=0}) \text{ and } \sigma=1, \\ 0 & \text{otherwise.} \end{cases} \tag{10}$$

Upon observing m_1 political actions, all individuals know that in equilibrium each individual who is a member of the separating set

$$\boldsymbol{S}_1=\{i|p_i \in [\tilde{p}^{\sigma=1}, \tilde{p}^{\sigma=0})\} \tag{11}$$

took political action conditional on being of type $\sigma=1$, and abstained otherwise. The actions and abstentions of the individuals who are members of the pooling set

$$\boldsymbol{P}_1=\{i|p_i \in [-\bar{p}, \bar{p}] \backslash \boldsymbol{S}_1\} \tag{12}$$

are uninformative. Regardless of their private information, all individuals whose ideal points lie in the pooling interval $[\tilde{p}^{\sigma=0}, \bar{p}]$ took political action, while all individuals whose ideal points lie in the pooling interval $[-\bar{p}, \tilde{p}^{\sigma=1})$ abstained.

The number of individuals whose ideal points lie in the separating interval is given by $\bar{m}_1$-$\underline{m}_1$, where $\bar{m}_1$ and $\underline{m}_1$ are defined to be the natural numbers of individuals whose ideal points lie in the intervals $[\tilde{p}^{\sigma=1}, \bar{p}]$ and $[\tilde{p}^{\sigma=0}, \bar{p}]$, respectively. These numbers are uniquely determined by the uniform distribution of the individuals' bliss points on the interval $[-\bar{p}, \bar{p}]$.

At the beginning of period *2*, it is publicly known that m_1-$\underline{m}_1$ individuals of type $\sigma=1$ have ideal points that lie in the separating set $\boldsymbol{S}_1$.

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The posterior probability that m_1-$\underline{m}_1$ out of $\bar{m}_1$-$\underline{m}_1$ individuals are of type $\sigma=1$ if the status quo policy is given by Q-q is equal to the binomial probability that $\bar{m}_1$-$\underline{m}_1$ Bernoulli trials result in m_1-$\underline{m}_1$ successes if the probability of a success is given by q; that is, $b(m_1\text{-}\underline{m}_1; \bar{m}_1\text{-}\underline{m}_1, q)$.

There now exist four types of individuals, distinguished by their information sets $I(i,\sigma,m_1)$, where $i\in\{\boldsymbol{S}_1,\boldsymbol{P}_1\}$ and $\sigma\in\{0,1\}$. An individual of type (i,σ) forms the posterior density on the realization q

$$\beta(q|i,\sigma,m_1) = \begin{cases} b(m_1\text{-}\underline{m}_1; \bar{m}_1\text{-}\underline{m}_1, q)\ \beta(q|\sigma)/ & (13) \\ \quad [\int b(m_1\text{-}\underline{m}_1; \bar{m}_1\text{-}\underline{m}_1, q)\ \beta(q|\sigma)\ dq] & \\ \qquad\qquad\qquad\qquad\qquad\qquad\qquad\qquad \text{if } i\in\boldsymbol{P}_1, & \\ b(m_1\text{-}\underline{m}_1; \bar{m}_1\text{-}\underline{m}_1\text{-}1, q)\ \beta(q|\sigma=0)/ & \\ \quad [\int b(m_1\text{-}\underline{m}_1; \bar{m}_1\text{-}\underline{m}_1\text{-}1, q)\ \beta(q|\sigma=0)\ dq] & \\ \qquad\qquad\qquad\qquad\qquad\qquad\qquad\qquad \text{if } i\in\boldsymbol{S}_1 \text{ and } \sigma=0, & \\ b(m_1\text{-}\underline{m}_1\text{-}1; \bar{m}_1\text{-}\underline{m}_1\text{-}1, q)\ \beta(q|\sigma=1)/ & \\ \quad [\int b(m_1\text{-}\underline{m}_1\text{-}1; \bar{m}_1\text{-}\underline{m}_1\text{-}1, q)\ \beta(q|\sigma=1)\ dq] & \\ \qquad\qquad\qquad\qquad\qquad\qquad\qquad\qquad \text{if } i\in\boldsymbol{S}_1 \text{ and } \sigma=1. & \end{cases}$$

In period 2, the equilibrium political action strategies of the individual types are characterized by type-specific political action cutpoints, $\tilde{p}^{i,\sigma}$.[64] An individual of type (i,σ) whose ideal point is exactly equal to $\tilde{p}^{i,\sigma}$ is indifferent between taking political action and abstaining in period 2:

$$\iint \sum_{m_2=\underline{m}_2+1}^{\bar{m}_2} \{[prob(R=1|m_1,m_2,q) - prob(R=1|m_1,m_2\text{-}1,q)]\cdot \quad (14)$$
$$b(m_2\text{-}\underline{m}_2\text{-}1;\bar{m}_2\text{-}\underline{m}_2\text{-}1,q)\}\ [(Q-q-\tilde{p}^{i,\sigma})^2 - (A-a-\tilde{p}^{i,\sigma})^2]\cdot$$
$$\beta(q|i,\sigma,m_1,m_2)\ \beta(a)\ dq\ da =$$
$$\int \sum_{m_2=\underline{m}_2+1}^{\bar{m}_2} c_2(m_2)\ b(m_2\text{-}\underline{m}_2\text{-}1;\bar{m}_2\text{-}\underline{m}_2\text{-}1,q)\ \beta(q|\sigma)\ dq.$$

This indifference condition defines the cutpoints $\tilde{p}^{i,\sigma=0}$ and $\tilde{p}^{i,\sigma=1}$ as a function of first-period turnout m_1.

All individuals whose ideal points lie above their type-specific cutpoints prefer to take political action; otherwise they strictly prefer to

[64] As before, I restrict attention to the case in which $\tilde{p}^{i,\sigma=0} > \tilde{p}^{i,\sigma=1}$. The alternative case in which $\tilde{p}^{i,\sigma=0} < \tilde{p}^{i,\sigma=1}$ is easily derived along the lines developed here.

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abstain. Thus, the individuals' political action strategies in period *2* can be summarized by the following cutpoint rule:

$$\pi_2(i,\sigma,m_1) = \begin{cases} 1 & \text{if } p_i \in [\tilde{p}^{i,\sigma=0}, \bar{p}] \\ & \text{or if } p_i \in [\tilde{p}^{i,\sigma=1}, \tilde{p}^{i,\sigma=0}) \text{ and } \sigma=1, \\ 0 & \text{otherwise.} \end{cases} \tag{15}$$

At the beginning of period *3*, there exist eight types of individuals, characterized by their information sets $I(i,\sigma,m_1,m_2)$, where $i \in \{\boldsymbol{S}_1,\boldsymbol{P}_1\}X\{\boldsymbol{S}_2,\boldsymbol{P}_2\}$ and $\sigma \in \{0,1\}$. The separating set in period *2* contains the individuals who are activist moderates in period *2*:

$$\boldsymbol{S}_2 = \{i | p_i \in [\tilde{p}^{i,\sigma=1}, \tilde{p}^{i,\sigma=0})\}. \tag{16}$$

The pooling set in period *2* contains all remaining individuals:

$$\boldsymbol{P}_2 = \{i | p_i \in [-\bar{p}, \bar{p}] \backslash \boldsymbol{S}_2\}. \tag{17}$$

The natural number of individuals in the separating set $\boldsymbol{S}_2$ is given by $\bar{m}_2 - \underline{m}_2$, where $\bar{m}_2$ and $\underline{m}_2$ are defined to be the natural number of individuals whose ideal points lie in the intervals $[\tilde{p}^{i,\sigma=1}, \bar{p}]$ and $[\tilde{p}^{i,\sigma=0}, \bar{p}]$, respectively.

An individual of type (i,σ) forms the posterior density on the realization q

$$\beta(q|i,\sigma,m_1,m_2) = \tag{18}$$

$$\begin{cases} b(m_2-\underline{m}_2;\ \bar{m}_2-\underline{m}_2,\ q)\ \beta(q|i,\sigma,m_1) \,/ \\ \quad [\int b(m_2-\underline{m}_2;\ \bar{m}_2-\underline{m}_2,\ q)\ \beta(q|i,\sigma,m_1)\ dq] & \text{if } i \in \boldsymbol{P}_2, \\ b(m_2-\underline{m}_2;\ \bar{m}_2-\underline{m}_2-1,\ q)\ \beta(q|i,\sigma=0,m_1) \,/ \\ \quad [\int b(m_2-\underline{m}_2;\ \bar{m}_2-\underline{m}_2-1,\ q)\ \beta(q|i,\sigma=0,m_1)\ dq] \\ & \text{if } i \in \boldsymbol{S}_2 \text{ and } \sigma=0, \\ b(m_2-\underline{m}_2-1;\ \bar{m}_2-\underline{m}_2-1,\ q)\ \beta(q|i,\sigma=1,m_1) \,/ \\ \quad [\int b(m_2-\underline{m}_2-1;\ \bar{m}_2-\underline{m}_2-1,\ q)\ \beta(q|i,\sigma=1,m_1)\ dq] \\ & \text{if } i \in \boldsymbol{S}_2 \text{ and } \sigma=1. \end{cases}$$

For given realizations of m_1 and m_2, an individual of type (i,σ) whose ideal point is given by the cutpoint $\hat{p}^{i,\sigma}$ will be indifferent between the policy alternative and the status quo. The cutpoints $\hat{p}^{i,\sigma=0}$ and $\hat{p}^{i,\sigma=1}$ solve

$$\int (Q - q - \hat{p}^{i,\sigma})^2\ \beta(q|i,\sigma,m_1,m_2)\ dq = \int (A - a - \hat{p}^{i,\sigma})^2\ \beta(a)\ da. \tag{19}$$

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All individuals whose ideal points are strictly greater than their type-specific cutpoints strictly prefer the alternative regime; all those whose ideal points lie below their cutpoints favor the status quo regime. Moreover, equations (18) and (19) imply that $\hat{p}^{i,\sigma=0} > \hat{p}^{i,\sigma=1}$.

The status quo regime collapses if it is commonly known that at least k individuals support the alternative regime. The set of individuals who favor the alternative regime independently of their residual private information in period 3 is given by $\{i | p_i \in \bigcup_i [\hat{p}^{i,\sigma=0}, \bar{p}]\}$. Let the number of individuals whose ideal points lie in this set be given by N, and note that this number is uniquely determined by the first- and second-period turnout, m_1 and m_2. Thus, the probability that the status quo regime will be overturned conditional on the realized sequence of political actions, m_1 and m_2, is given by

$$prob(R=1 | m_1, m_2) = \begin{cases} 1 & \text{if } N(m_1, m_2) \geq k, \\ 0 & \text{otherwise.} \end{cases} \qquad (20)$$

B. Synthesis of the Lohmann and DeNardo Models

In practice, an incumbent regime can choose how much of its resources to allocate to the suppression of protest; whether to dissolve a protest movement in a violent or nonviolent manner; and how severely to punish demonstrators who are apprehended. Thus, a natural extension of the model would specify the cost of taking political action as a strategic choice variable controlled by the status quo regime.

Such an extension would integrate DeNardo's theory of political action and regime change into the signaling framework developed above. DeNardo's model allows for people's participation incentives to depend on the degree of repression, a control variable of the regime. This section sketches an extension that provides an informational underpinning for DeNardo's intuition regarding the ambiguous effects of repression. The status quo regime is modeled as a strategic player who adjusts the cost of taking political action over time in response to past turnout with the goal of maximizing its survival probability. The dynamics of the cascade are then driven by changes in the cost of taking political action and in turnout over time that are induced by the strategic interaction between the regime and its people.

Suppose the policy type of the regime is fixed; that is, the status quo regime sets the policy Q-q, the alternative regime the policy A-a. The status quo regime knows its own policy, and it expects the policy of the

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alternative regime to be given by *A-1/2*. The people are incompletely informed about the policy type of the status quo regime, and they have the same expectation about the policy that would be set by the alternative regime, *A-1/2*. As before, if a sufficiently large number of individuals are commonly known to prefer the alternative regime, the status quo regime collapses. In each period, the status quo regime adjusts the cost of taking political action in order to maximize the likelihood of its survival. (This survival goal is derived from the regime's policy goals; that is, a policy-motivated regime prefers to remain in power to set policy in period *T+1* rather than have policy be set by the alternative regime.)

Formally, an equilibrium to this game is defined by the regime's decision rule that specifies the cost of taking political action in period t as a function of its true type and past turnout, $c_t(q, m_1, m_2, \ldots, m_{t-1})$; the individuals' Bayesian beliefs about the regime's type at the beginning of period t that are based on their private information, the private information of other individuals revealed by past turnout, and the information revealed by the regime's past cost choices, $\beta_t(q|i, \sigma, m_1, m_2, \ldots, m_{t-1}, c_1, c_2, \ldots, c_{t-1})$; and the individuals' political action strategies in period t that depend on their ideal points and their estimates of the regime's type and of the cost of taking political action, $\pi_t(i, \sigma, m_1, m_2, \ldots, m_{t-1}, c_1, c_2, \ldots, c_{t-1})$.

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INFORMATION, BUREAUCRACY, AND ECONOMIC REFORMS IN CHINA AND THE SOVIET UNION

By YASHENG HUANG*

ACCOUNTING for economic policy and institutional changes lies at the heart of research in political economy. It is a complex endeavor. For one thing, policymakers have a range of options at their disposal (including nonaction) and the reason they settle on their eventual course is usually not apparent. For another, they must weigh conflicting factors in their policy deliberations. Reforms seek to redress past policy errors and can be prompted by economic crises, while at the same time they may clash with the vested interests of powerful groups, incurring real political and social costs, and straining the administrative capacity of the bureaucracy.[1] Each incidence of policy and institutional reform has to be considered in the context of these crosscutting pressures.

A preferred research strategy is to examine variations in policy and institutional reforms, which requires contrasting cases of reform with cases of nonreform. In the 1990s, however, this is no longer possible for the bloc of the centrally planned economies.[2] With the exception

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[1] For discussions along this line in the context of developing countries, see Stephan Haggard and Robert R. Kaufman, " Economic Adjustments in New Democracies," in Joan M. Nelson, ed., *Fragile Coalitions* (San Francisco: Overseas Development Council, 1989); Stephan Haggard, "Inflation and Stabilization," in Gerald M. Meier, ed., *Politics and Policy Making in Developing Countries* (San Francisco: ICS Press, 1991); and Merilee S. Grindle and John W. Thomas, *Public Choices and Policy Change* (Baltimore: Johns Hopkins University Press, 1991).

[2] There is an enormous methodological advantage in limiting the study to centrally planned economies, including the exclusion of potentially confounding influences such as the nature of economic and political systems. Such an exclusion enables the analyst to focus on those variables he/she cares about.

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of Cuba and North Korea, virtually every centrally planned economy has by now undertaken some sort of reforms; indeed, several have given up central planning altogether. The usual positive/negative case comparison is difficult for another reason as well: we know far more about positive cases than we do about negative cases, often for the very reason that they are positive cases. Cases characterized by poor availability of information can inject serious biases into the analysis.

A second-best strategy is to study the timing of reforms relative to the stage of development. Yugoslavia introduced market reforms in 1965; Hungary, in 1968; China, in 1978; and the Soviet Union, in 1987. This essay focuses on the latter pair, China and the Soviet Union.

Timing of reforms is measured relative to the duration of the centrally planned system. By the conventional dating of the initiation of reform, the Chinese launched reforms toward the end of the Fifth Five-Year Plan in 1978 (the Third Plenum of the Eleventh Central Committee); the Soviets launched theirs during the Twelfth Five-Year Plan in 1987 (the adoption of the Basic Provisions for the Radical Restructuring of Economic Management and the passage of the Laws on State-Owned Enterprises).[3]

This definition requires an explanation as to why earlier attempts to improve the economic system did not constitute "reforms." I use Kornai's definition of reforms to mean that reforms must alter at least one of the following three building blocks of a centrally planned economy: (1) "dominant influence of the official ideology," (2) "dominant position of state and quasi-state ownership," and (3) "preponderance of bureaucratic coordination."[4] Earlier efforts did not meet this criterion, whereas the reforms in 1978 and 1987 directly aimed at, or at least permitted, a reduction in the dominance of state and quasi-state ownership of the economy.[5]

[3] Some may dispute this dating of reform initiations. For the purpose of this essay, however, precise reform dating is not important so long as it is a noncontroversial proposition that the Soviets undertook reforms later than the Chinese relative to the life of the respective central planning systems.

[4] Janos Kornai, *The Socialist System* (Princeton: Princeton University Press, 1992), 361, 387–92.

[5] Chinese reforms in 1978 focused mainly on the agricultural sector and permitted the restoration of household production in agriculture. In the Soviet case the 1987 reform programs permitted alternative forms of ownership, including private firms and producer cooperatives. In contrast, this element had been missing in the previous attempts, which aimed primarily at administrative decentralization (the Great Leap Forward and Khrushchev's experiment in 1957) or at manipulation of production norms (the Kosygin reforms). On the Chinese agricultural reforms, see Harry Harding, *China's Second Revolution* (Washington, D.C.: Brookings Institution, 1987), 101–8; and Kathleen Hartford, "Socialist Agriculture Is Dead; Long Live Socialist Agriculture! Organizational Transformations in Rural China," in Elizabeth Perry and Christine Wong, eds., *The Political Economy of Reform in Post-Mao China* (Cambridge: Harvard University Press, 1985). On the Chinese proposals to

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The case selection employed in this essay is driven principally by methodological considerations, one of which concerns the independent variable I have chosen to examine. Among the socialist economies, China and the Soviet Union prior to reforms represented the sharpest contrast in the way central planning was organized. Since the research objective is to explain *variation* rather than *sameness* in the dependent variable, it makes sense to include cases in which the posited independent variable or a set of independent variables takes on values as different from each other as possible. Another consideration is to construct a "most similar research design."[6] China and the Soviet Union were the two large continental economies, and their leaders enjoyed a degree of policy sovereignty unrivaled by those of other socialist countries.[7] Selecting China and the Soviet Union enables an analyst to isolate and focus on a causally relevant independent variable or a variable that is of interest to the analyst.

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use indirect planning and to grant enterprise autonomy, see Dorothy J. Solinger, "Economic Reform via Reformulation in China: Where Do Right Ideas Come From?" *Asian Survey* 21 (September 1981). Discussions on the Khrushchev experiment and the Kosygin reforms can be found in S. A. Billon, "Centralization of Authority and Regional Management," in V. N. Bandera and Z. L. Melnyk, eds., *The Soviet Economy in Regional Perspective* (New York: Praeger, 1973); Ed A. Hewett, *Reforming the Soviet Economy* (Washington, D.C.: Brookings Institution, 1988), 223–45; and A. F. Dowlah, *Soviet Political Economy in Transition* (New York: Greenwood Press, 1992), 34–47.

[6] For further illustration, see Charles C. Ragin, *The Comparative Method* (Berkeley: University of California Press, 1987), 47–48.

[7] A Chinese-Soviet comparison excludes two confounding influences on the decision to reform. One is the role of international trade. Typically in a small economy, the role of international trade looms large for the nation's economic activities and policies. In Hungary and Poland the dependency on non-CMEA trade and the need to adjust to trade fluctuations contributed significantly to the leaders' decision to reform. See Josef C. Brada, Ed A. Hewett, and Thomas A. Wolf, "Economic Stabilization, Structural Adjustment, and Economic Reform," in Brada, Hewett, and Wolf, eds., *Economic Adjustment and Reform in Eastern Europe and the Soviet Union* (Durham, N.C.: Duke University Press, 1988); Ellen Comisso and Paul Marer, "The Economics and Politics of Reform in Hungary," in Ellen Comisso and Laura D'Andrea Tyson, eds., *Power, Purpose, and Collective Choice* (Ithaca, N.Y.: Cornell University Press, 1986); Kazimierz Poznanski, "Economic Adjustment and Political Forces: Poland since 1970," in Comisso and Tyson; and John P. Hardt, "Stages in Soviet Economic Development: A Sixty-year Record," in Nake M. Kamrany and Richard H. Day, eds., *Economic Issues of the Eighties* (Baltimore: Johns Hopkins University Press, 1979).

The other potentially confounding influence concerns external constraints imposed by the Soviet Union on the policymakers of the Warsaw Pact countries when they were deliberating whether to reform. Case selection thus depends entirely on the research questions one asks. If, for example, a researcher is interested in finding out how different levels of international trade affect the timing of reforms, then a rational strategy is to include small European socialist countries as well as large economies such as the Soviet Union and China. Of course, it is nearly impossible to achieve immunity to all confounding influences. For example, the Soviet Union was engaged in a superpower rivalry with the United States in a way that China was not. The findings would be biased if one of the following two scenarios were true: first, the superpower rivalry or its absence somehow contributed to the difference in how planning was organized; second, the superpower rivalry affected the decision to reform more than proportionately. As it turns out, the theory that the superpower rivalry affected reforms is contingent on the notion that the military played a vital role in the reform process, a rather controversial view. Hence, the linkage between superpower rivalry and the organization of planning was remote at best.

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This essay focuses on one aspect of bureaucratic capability—information provision and processing. The purpose is to highlight the fact that institutional constraints and the inability to change them in the short run impose different costs on different policy courses. Often, a policy course is chosen over its alternatives not because of differences in the intrinsic benefits associated with them but because of differences in the costs of adopting one as opposed to another. The specific argument is twofold. First, a government better informed about economic conditions is more likely to pursue more realistic economic policies and therefore is less likely to make policy adjustments to the status quo. Second, there are significant costs associated with increasing the provision of information (and with raising bureaucratic capabilities in general); such costs depend critically on the past sunk investments in the existing institutions in charge of collecting and processing information. Thus, all else being approximately equal, if past sunk investments were high, policymakers are more likely to pursue a policy course that relies on the existing bureaucratic institutions. This argument can be summarized in the following form: the better an economic system is in terms of its central planning techniques, the less likely it is to depart from central planning.

These two propositions are then applied to a comparison of Chinese and Soviet reforms. It shows that the Chinese policymakers were more likely to undertake reforms because they had greater incentives to make policy adjustments, as their economic policies tended to generate a greater degree of macroeconomic instability. They also had greater incentives to adopt reforms because the informational costs of restoring central planning would have been higher.

The complexity of the subject matter defies any effort to construct a single-variable explanation; the analytical attention to information and the costs of providing it is therefore not meant to suggest that informational considerations single-handedly condition incentives to undertake reforms. The approach presumes and tries to improve rather than replace one of the competing explanations considered in this essay—the economic explanation. Furthermore, the informational approach should be subsumed under the bureaucratic explanation[8] and the implications drawn from information collection and processing can easily be extended to other areas of bureaucratic capabilities, such as analytical and cognitive skills, coordination and command precision, and planning sophistication. This examination is limited to informa-

[8] I thank an anonymous reviewer for clarification on this point.

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tion because it is central to bureaucratic performance and because institutional characteristics associated with the collection of information are tangible and can therefore be compared cross-sectionally in a relatively unambiguous manner.

A second point should be clarified at the outset. Since the goal here is to probe how incentives and constraints may affect government decisions rather than to conduct a detailed case study of the specific processes by which these decisions come about,[9] I have imposed a behavioral assumption that may seem unrealistic to area specialists at first blush: policymakers care about costs of different policy alternatives. In this essay, this assumption is used heuristically rather than as an empirical statement about how leaders actually behaved.[10] An additional requirement is that all predictions be framed comparatively. To make a general statement that given constraints have a certain effect on governmental decisions is meaningless unless another case in which such constraints are absent is contrasted; the comparison should be as explicit as possible.

This essay is organized as follows: I first discuss a number of competing explanations. Next, I examine the information systems in China and the Soviet Union prior to the reforms. Finally, I propose an informational approach to link initiation of reform with the availability of information to policymakers.

Competing Explanations

The most widely accepted explanation for the initiation of reform focuses on the economic problems prior to reforms. The economic problems associated with centrally planned economies are both legion and well-known; these include low productivity, static and dynamic inefficiencies, misallocation of resources, and deteriorating living standards.[11] More complex is explaining the decline in performance over

[9] For discussion of the contrast between these two approaches, see Robert O. Keohane, "The International Politics of Inflation," in Leon N. Lindberg and Charles S. Maier, eds., *The Politics of Inflation and Economic Stagnation* (Washington, D.C.: Brookings Institution, 1985), 78–79.

[10] This, of course, is a standard defense of the rationality assumption, even when it is shown to be empirically false. See Milton Friedman, *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953). For a rigorous demonstration that the rationality assumption is often empirically false, see Amos Tversky and Daniel Kahneman, "Rational Choice and the Framing of Decisions," in Karen Schweers Cook and Margaret Levi, eds., *The Limits of Rationality* (Chicago: University of Chicago Press, 1990).

[11] See Kornai (fn. 4), 383–86; Abram Bergson, *Planning and Performance in Socialist Economies* (Boston: Unwin Hyman, 1989); and Padma Desai, *The Soviet Economy: Problems and Prospects* (Oxford: Basil Blackwell, 1987), 63–132. Other studies of European socialist economies show that while their performance was comparable to OECD countries, their costs in both capital and labor were

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time. A common theory—and the one often directly linked with initiation of reform—stresses the role of developmental stages. In this view socialist economies would tend to grow during the "extensive phase" when labor and capital inputs were increased at low cost. Gradually, however, the potential for extensive development was exhausted; and reforms, by stressing efficient utilization of existing resources, represented a rational shift to an "intensive growth" strategy.[12]

The reason for the currency of this view is self-evident. Reforms were often designed to address specific economic problems; and policymakers, when adopting reforms, explicitly linked the reforms to the economic problems. Below, I will attempt to show that the formulation, "economic problems, therefore reforms," is quite problematic and that the economic explanation is more appropriately formulated as, "reforms, therefore there must have been economic problems." As such it is a *necessary* but not a *sufficient* explanation.[13]

The insufficiency is shown, first of all, by the long time lag between leadership recognition of economic problems and the initiation of reform designed to address them. In the Soviet Union, the economic slowdown was evident as early as the late 1950s[14] and worries over economic growth were publicly voiced in the early 1970s.[15] Nor should the lack of reforms be attributed to the leaders' perception that economic problems were not severe.[16] Brezhnev's warnings over the state of the economy were no less alarmist than the later rhetoric used by

higher. See Abram Bergson, "Development under Two Systems: Comparative Productivity Growth since 1950," *World Politics* 23 (July 1971); and Frederic L. Pryor, "Growth and Fluctuations of Production in O.E.C.D. and East European Countries," *World Politics* 37 (January 1985).

[12] See Ivan Szelenyi, "Eastern Europe in an Epoch of Transition: Toward a Socialist Mixed Economy?" in Victor Nee and David Stark, eds., *Remaking the Economic Institutions of Socialism* (Stanford, Calif.: Stanford University Press, 1989), 211–16. For related hypotheses, see Robert F. Dernberger, "Economic Policy and Performance," in Joint Economic Committee, *China's Economy Looks toward the Year 2000*, vol. 1 (Washington, D.C.: Government Printing Office, 1986).

[13] The necessary condition is met when an effect always implies a particular cause; a sufficient condition is met when a particular cause always implies an effect but the effect does not always imply a particular cause. See Alpha C. Chiang, *Fundamental Methods of Mathematical Economics* (New York: McGraw-Hill, 1984), 89–90. The economic explanation is obviously necessary in the sense that reforms would not arise in the absence of economic problems but it is not sufficient in the sense that economic problems alone would not give rise to reforms.

[14] Hardt (fn. 7); and George W. Breslauer, "Soviet Economic Reforms since Stalin: Ideology, Politics, and Learning," *Soviet Economy* 6 (July–September 1990), 269.

[15] Timothy J. Colton, *The Dilemma of Reform in the Soviet Union* (New York: Council on Foreign Relations, 1986).

[16] Some may argue that economic performance under Gorbachev was worse than it was under Brezhnev. This is true but also irrelevant. Because the Soviet economy was declining almost continuously since the late 1950s, at *any and every* point in time economic performance was at the historically lowest point. Unless there was an implicit "tolerance threshold" (that says, for example, 3 percent economic growth was tolerable but 2 percent was not), economic performance per se is unable to explain why Gorbachev initiated reforms while Brezhnev did not.

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Gorbachev to justify his reform program. In 1978 the former declared economic failure to be "a major political question" that directly affected "the mood and the will to work of the Soviet people."[17] In a meeting with the Soviet military high command, Brezhnev argued that Soviet economic woes posed a direct threat to national security.[18]

Related to the problem of the time lag is the indeterminacy of the economic explanation[19]—that the economic problems have been used to justify reforms as well as the restoration of central planning. Brezhnev responded to his economic concerns with measures that reinforced "centralization and control";[20] Andropov, and Gorbachev in his first two years, tried to solve economic problems by resorting to discipline, monitoring, and centralization.[21] The Chinese case is no different. The post-Mao leaders viewed restoration of central planning to the "good old days" of the 1950s as the preferred policy solution to the legacy of economic deficiencies left by the Cultural Revolution, and proposals to strengthen central planning surfaced time and again in the 1980s. On the basis of economic problems alone, as Shirk argues, there is nothing to warrant reform—as opposed to improved central planning—as inevitable.[22]

The second way to assess the sufficiency of the economic explanation is to evaluate it in the following general form: if economic problems cause initiation of reform, it must be true, ceteris paribus, that countries suffering from more serious economic problems undertake reforms more readily than do countries with less serious economic problems.[23] A Chinese-Soviet comparison, however, consistently contradicts this formulation.

[17] Colton (fn. 15), 30.

[18] Ibid.

[19] An argument is indeterminate if it does not have a unique conclusion.

[20] Colton (fn. 15), 30.

[21] For a more detailed discussion, see Colton (fn. 15), 25–30; and Vladimir Kontorovich, "Discipline and Growth in the Soviet Economy," *Problems of Communism* 34 (November–December 1985). For an excellent case study of how the Soviet leaders persisted with central planning tools despite their knowledge of the widespread problems, see Thane Gustafson, *Crisis amid Plenty* (Princeton: Princeton University Press, 1989).

[22] Susan L. Shirk, *The Political Logic of Economic Reform in China* (Berkeley: University of California Press, 1993).

[23] Some may object to generalizing in this way, on the grounds that the argument is designed to explain the outcome of a single case. The objection is not valid, however, since drawing causal inferences in a single case study depends on constructing credible counterfactuals and counterfactual analysis is based on the principle of comparative methods. See James D. Fearon, "Counterfactuals and Hypothesis Testing in Political Science," *World Politics* 43 (January 1991). In our case, in order to make credible the hypothesis that slow economic growth led to reforms, the counterfactual hypothesis—that fast economic growth did not lead to reforms—must also be credible. When the case selection is methodologically and theoretically driven, the statement in the latter form differs little from the one stated in the text.

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By and large, the Chinese economy performed better in the period preceding its reforms than did the Soviet economy in its prereform period, as can be seen in Table 1. That a stronger economy should initiate reforms first is the opposite of what is implied by the economic explanation. The evidence on developmental stages is also not consistent with this hypothesis. The Soviet economy had probably reached the limits of extensive growth in the early 1970s, as indicated by the peaking of labor participation at 85 percent at that time and the decline of the investment growth rate beginning in the late 1960s.[24] The Chinese economy, by contrast, continues to operate in an extensive mode thirteen years after the reforms; the labor participation rate, for example, rose from 47 percent in 1985 to 50 percent in 1990.[25] The developmental stage theory thus underpredicts the Soviet case and overpredicts the Chinese case.

The lack of fit between theory and evidence, while not invalidating economic problems as a necessary condition for reforms, should cast considerable doubt on the sufficiency of the explanation. This recognition, whether explicitly acknowledged or not, has prompted efforts to locate political variables to explain the behavior of policymakers. Political scientists and area specialists have identified factors ranging from political learning,[26] pressures from the military,[27] generational changes,[28] and evolution of communist ideology[29] to the political resistance of central bureaucrats.[30] This essay contributes to this effort, the intention being to make the economic explanation more sufficient by incorporating into it one or more variables. I will come back to the competing political explanations in the conclusion and compare their performance with the informational approach proposed here.

[24] International Monetary Fund et al., *A Study of the Soviet Economy* (Paris: Organisation for Economic Co-operation and Development, 1991), 12.

[25] Calculated from the State Statistical Bureau, *Zhongguo tongji nianjian 1991* (China statistical yearbook 1991) (Beijing: Zhongguo tongji chubanshe, 1991), 79, 95.

[26] See Breslauer (fn. 14); and James Clay Moltz, "Divergent Learning and the Failed Politics of Soviet Economic Reform," *World Politics* 45 (January 1993).

[27] See Marshall Goldman, *Gorbachev's Challenge* (New York: W. W. Norton, 1987).

[28] Colton (fn. 15), 30; and Donna Bahry, "Politics, Generations, and Change in the USSR," in James R. Millar, ed., *Politics, Work, and Daily Life in the USSR* (Cambridge: Cambridge University Press, 1987).

[29] Richard Lowenthal, "Development vs. Utopia in Communist Policy," in Chalmers Johnson, ed., *Change in Communist Systems* (Stanford, Calif.: Stanford University Press, 1970).

[30] Susan Shirk, "The Political Economy of Chinese Industrial Reform," in Victor Nee and David Stark, eds., *Remaking the Economic Institutions of Socialism* (Stanford, Calif.: Stanford University Press, 1989); and Zhang Baohui, "The State Central Economic Bureaucracies and the Outcome of Systemic Economic Reform: An Institutional Explanation for the Soviet and Chinese Experiences," *International Journal of Policy and Administration* 5 (July 1992).

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TABLE 1
DIFFERENT ESTIMATES OF ECONOMIC GROWTH IN THE SOVIET UNION AND CHINA

	1961–70	*1971–80*	*1981–85*
China			
NMP (official)	4.0	5.8	10.0
GDP (official)	—	5.5	10.1
GNP (alternative)	—	5.8	9.2
Soviet Union			
NMP (official)	6.9	5.0	3.2
GNP (official)	7.6	5.5	3.7
GNP (alternative)	4.9	2.6	1.9

SOURCE: Kornai (fn. 4), 194–95.

INFORMATION SYSTEMS IN CHINA AND THE SOVIET UNION

SPECIALIZED INFORMATION-COLLECTING AGENCIES: THE SSB AND THE CSA

I focus on those specialized agencies in China and the Soviet Union responsible for collecting and processing information. In China it is the State Statistical Bureau (SSB); in the Soviet Union it was the Central Statistical Administration (CSA). Even though the SSB was originally modeled on the CSA and was established with the help of Soviet statisticians, the two evolved very differently in technical and institutional terms because of differences in the economic organizations of the two countries.[31]

One major difference is that the Soviet system was based on ministerial planning, whereas the Chinese system was and is still based on territorial planning. Ministerial planning means that one ministry governs economic activities in one sector across different geographic boundaries; territorial planning means that one institution—a province, for example—governs all economic activities in one region across different economic sectors.

[31] Another reason for the difference is that the Chinese bureaucratic system endured many more political shocks than did the Soviet system. Whereas the Great Leap Forward and the Cultural Revolution led to a considerable weakening of the Chinese bureaucratic apparatus, the Great Purge in the Soviet Union paved the way for the rise of technocratic elites at the expense of the old Bolsheviks. See Richard Diao, "The Impact of the Cultural Revolution in Communist China," *China Quarterly*, no. 42 (April–June 1970); and Sheila Fitzpatrick, "Stalin and the Making of a New Elite, 1928–1939," *Slavic Review* 38 (September 1979). Because the force of the political shocks affected the entire bureaucratic establishment rather than the information system alone, they are not treated here in great detail.

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This difference had important implications for the design of the two information systems: there were stronger incentives in the Soviet system than in the Chinese system to invest in the technical upgrading of the CSA and to exert central control. That is because from a central policymaker's point of view, demand for information is much greater than it is under a territorial system.

There are two reasons for this. First, the center allocates more products and makes more allocation decisions under a ministerial system than under a territorial system. (See Table 2.) Even though some of these differences are attributable to the more disaggregated nature of Soviet planning rather than to the large number of centrally allocated products, the implications for the information system remain the same; that is, the more detailed and specific an allocation decision is, the more information is needed to make that decision. The fact that the Soviet central planners made more detailed or more specific allocation decisions than their Chinese counterparts necessarily meant that they had more information regarding input requirements, technical specifications of the allocation products, supply capacity, and so forth. By contrast, since the late 1950s the Chinese State Planning Commission and other central ministries have not engaged in detailed planning. They have instead served mainly as residual balancers for the economy, by setting interprovincial transfers in situations where provinces themselves could not balance their material supplies on their own.[32]

Demand for information is greater under a ministerial system for a second reason as well. That type of system has to be more coordinated than a territorial system if it is to achieve the same levels of material balances;[33] it is necessarily more specialized and has a greater degree of interregional interdependence as compared with a territorial system.[34]

[32] See William A. Byrd, *The Market Mechanism and Economic Reform in China* (Armonk, N.Y.: M. E. Sharpe, 1991). The central ministries also made direct allocations to the enterprises under their administrative supervision. But central enterprises accounted for only a small share of industrial output. In the late 1970s they accounted for 9 percent of total industrial output for the state sector; see He Jianzhang and Wang Jiye, *Zhongguo jihua guanli wenti* (On Chinese planning) (Beijing: Shehui kexueyuan chubanshe, 1984), 67. In 1985 the shares recovered to 25 percent. See State Council and State Planning Commission, *Zhongguo gongye xianzhuang* (The current state of Chinese industry) (Beijing: Renmin chubanshe, 1990), 489.

[33] As will be shown later on, the Soviet system consistently exhibited greater macroeconomic stability than the Chinese system did. The combination of greater stability and a greater degree of specialization would imply even greater availability of information for the Soviet central planners.

[34] A territorial system tends to be autarkic. Donnithorne has referred to the Chinese economic system as a "cellular economy." See Audrey Donnithorne, *China's Economic System* (London: George Allen and Unwin, 1981). Empirical evidence suggests that industrial production is widely dispersed in China; see World Bank, *China: Macroeconomic Stability and Industrial Growth under Decentralized Socialism* (Washington, D.C.: World Bank, 1990). In the Soviet case, however, interrepublican trade was

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TABLE 2
NUMBER OF PRODUCTS UNDER CENTRAL ALLOCATION IN THE SOVIET UNION AND CHINA

	Other than Producing Ministries		*By Producing Ministries*		*Central Bodies Combined*	
Year	*China*	*Soviet Union*	*China*	*Soviet Union*	*China*	*Soviet Union*
1950	8		0		8	
1952	55		0		55	
1953	112		115		227	
1957	231		301		532	
1959	67		218		285	
1965	370	20,438	222		592	
1966	326	21,655	253	0	579	21,655
1968		14,498		1,814		16,312
1972	49		168		217	
1973	50	8,426	567	40,000+	617	48,426
1978	53		636		689	
1979	210		581		791	
1982	256		581		791	
1983		9,200				
1985	23					

SOURCE: David Granick, *Chinese State Enterprises: A Regional Property Rights Analysis* (Chicago: University of Chicago Press, 1990), 73.

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Again from the central policymakers' point of view, the need to achieve greater interregional coordination requires more information than does a situation under which regions are more self-sufficient.

One effect of the greater central demand for information was that the CSA was better equipped and technically more sophisticated than the SSB has ever been. By 1968 the CSA had over 1,000 machine accounting stations, 26 computers, 1,838 pieces of punch-card equipment, and 35,000 keyboard machines.[35] The Soviet leaders also developed input-output tables to guide allocation decisions. In 1959 there were already national input-output tables with a 73-by-73 matrix (by-products); by 1972 they were expanded to a 110-by-110 matrix.[36]

By these standards the SSB's technical capabilities were backward. The use of punch-card equipment was largely confined to SSB headquarters in the 1960s; as of 1974 SSB headquarters had only two computers.[37] By 1986 90 percent of the data within the SSB system were still handled manually.[38] Development of input-output tables was similarly primitive. By 1982 an 88-by-88 table was developed, but it only covered Shanxi province.[39]

Another effect of the difference in the economic organization between the Soviet Union and China was that the CSA was the stronger and more independent agency of the two. The CSA was given ministerial status and in 1987 was elevated to an even higher rank—to that of a state committee.[40] The head of the CSA was on an equal political footing with other ministers—a candidate member on the Central

larger than external trade. International Monetary Fund et al. (fn. 24) suggests (1) a greater degree of interregional dependence and, (2) assuming much of this trade was not spontaneous, a greater economic role for the central government in resource transfers.

[35] See Robert W. Campbell, "Changing Role of Statistics in the USSR," in Vladimir G. Treml and John P. Hardt, eds., *Soviet Economic Statistics* (Durham, N.C.: Duke University Press, 1972), 26–27. With the arrival of computers in the late 1950s, Soviet leaders believed they had the solution to the problems associated with processing the information necessary for planning. They campaigned for the automation of statistical collection and hence of decision making. Peter Rutland, *The Myth of the Plan* (London: Hutchinson, 1985),191–94.

[36] See Paul R. Gregory and Robert C. Stuart, *Soviet Economic Structure and Performance* (New York: Harper and Row, 1981), 135. The technical upgrading of the CSA came in response to Khrushchev's 1957 *Sovnarzkhozy* reform, which increased the demand for work performed by the CSA because of the fear of the localist tendencies that would result from Khruschev's reforms. Thus statistical reporting was centralized and the CSA assumed greater responsibility, even when economic decisions were decentralized. For an account, see Campbell (fn. 35).

[37] See *Dangdai Zhongguo de tongji shiye* (Contemporary statistical work in China) (Beijing: Zhongguo shehui kexue chubanshe, 1990), 185–86.

[38] Yue Rupeng, "Jiakuai jianshe guojia tongji xinxi zidonghua xitong de jige wenti," in China Statistical Association, ed., *Zhongguo tongji fazhan zhanlue wenti yanjiu* (Research on China's statistical development strategy) (Beijing: Zhongguo tongji chubanshe, 1988), 178.

[39] Zhang Sai, "Tongji fazhan zhanlue wenti yanjiu," *Tongji yanjiu*, no. 4 (1987).

[40] For a list of Soviet ministries as of the mid-1970s, see Jerry Hough and Merle Fainsod, *How the*

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Committee. Furthermore the CSA enjoyed unparalleled personnel stability. Between 1940 and 1987 the agency had been headed by only two men;[41] and in 1986, during a large-scale bureaucratic reshuffling in the wake of Gorbachev's accession to power, the CSA survived largely intact.[42]

Independence from regional authorities was ensured by the centralization of reporting procedures: enterprises reported directly to local branches of the CSA rather than to regional authorities.[43] Also control over personnel and budgetary matters of local branches was firmly lodged with the headquarters of the CSA in Moscow.[44]

The SSB has been a weaker agency. It is a bureau-level organization directly subordinate to the State Council; in rank it lies somewhere between a ministry and a bureau within a ministry,[45] which implies that it cannot issue binding instructions to ministries or to provinces.[46] Its head has not been on the Central Committee, and personnel turnover has been frequent; between 1952 and 1984 there were five directors, a rate of turnover not too different from that of other ministries.[47]

The sharpest difference between the CSA and the SSB is the nature of their relationship with regional authorities. Except for the First Five-Year Plan (1952-57), when the SSB was modeled on the CSA and its administration was highly centralized, the statistical personnel of the local SSB branches operate under dual subordination—they answer to

Soviet Union Is Governed (Cambridge: Harvard University Press, 1979), 412–17. The CSA enjoyed ministerial status from the very beginning. It was established in 1918 with the administrative position of a People's Commissariat; in 1926 it became a full member of the Council of People's Commissars, the precursor of the Council of Ministers. See Michael Kaser, "The Publication of Soviet Statistics," in Vladimir G. Treml and John P. Hardt, eds., *Soviet Economic Statistics* (Durham, N.C.: Duke University Press, 1972), 45–46.

[41] From 1940 until probably 1975, Vladimir Nikonovich Starovskii led the CSA; between 1975 and 1985 it was led by Lev Volodarsky. Starovskii, a professional statistician, joined the service in 1925. Mikhail Korolev, who replaced Volodarsky in 1985, was also an insider; he had served as Volodarsky's deputy for ten years before assuming the top post. On Starovskii, see Kaser (fn. 40), 45–46; and on Volodarsky and Korolev, see Vladimir G. Treml, "Perestroyka and Soviet Statistics," *Soviet Economy* 4, no. 1 (1988).

[42] Treml (fn. 41), 67.

[43] See Campbell (fn. 35), 24–25; and A. Yezhov, *Organisation of Statistics in the U.S.S.R.* (Moscow: Progress Publishers, 1967), 25–26.

[44] See Gregory Grossman, *Soviet Statistics of Physical Output of Industrial Commodities* (Princeton: Princeton University Press, 1960); Kaser (fn. 40), 51–52; and Yezhov (fn. 43), 51.

[45] Between 1970 and 1978, the SSB was subordinate to the State Planning Commission. See *Dangdai* (fn. 37), 76, 88.

[46] Ministries and provinces have the same bureaucratic rank. For a description of bureaucratic ranks in the Chinese system, see Kenneth Lieberthal and Michel Oksenberg, *Policy Making in China: Leaders, Structures and Processes* (Princeton: Princeton University Press, 1988), 142–43.

[47] For a chronology of important events at the SSB, see Wang Yifu, *Xin Zhongguo tongji shigao* (History of new China's statistical work) (Beijing: Zhongguo tongji chubanshe, 1986), 349–59.

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both regional government and SSB headquarters. In essence, however, despite the effort in the early 1960s by the central government to reassert central control, they have remained employees of the regional governments that fund their payrolls and administrative budgets.

Information Systems and Planning Realism

In centrally planned economies, the specialized statistical agencies perform two distinct but equally important functions. One is to collect adequate data on economic activities in a timely manner for the purpose of constructing and enforcing plans; the other is to perform statistical reconciliations to ensure statistical reliability for planning purposes. This is done in two ways. First, there is a parallel collection procedure by which both the ministries and the specialized statistical agency collect data on similar economic activities, with the specialized statistical agency checking their consistency. Second, the specialized agency also performs tests of internal consistency of data by comparing the reported physical data with official price series.

Inferences about the performance of these two tasks can be drawn from the foregoing discussion of the SSB and the CSA and from summary characteristics of their operations (Table 3). By and large, the performance in the Soviet case was superior. As a result, Soviet planning was more realistic, in the sense that it was more consistent with existing economic conditions than was Chinese planning.[48]

Several observations can be made about the impact of the respective information systems on policy-making in the two countries. For one thing the Chinese leaders had less data to work with.[49] For another Chinese policymakers relied more on the ministerial or provincial data than on data from their specialized agency because of the inadequacies

[48] Planning realism here refers to a static situation; i.e., plans are consistent with existing conditions. As such, planning realism should not imply that Soviet planning was more efficient. Indeed, the opposite case can be made, that Soviet growth suffered because of planning consistency, to the extent that it required limiting enterprise autonomy and suppressed both incentives for innovations and the dynamic factors in the economy. Second, planning realism is a relative concept. The argument here is simply that there was more planning realism in the Soviet system than in the Chinese system, not that Soviet planning was realistic by some objective criteria.

[49] An example of statistical inadequacy in China is in the area of investment planning. Before 1978 Chinese central planners did not collect data on a locally controlled category of investment known as "technical transformation." By the late 1970s technical transformation investment accounted for between 20 and 30 percent of total investment, which means, in effect, that the central economic authorities formulated investment plans without knowledge of about one-quarter of the investment activities. See Barry Naughton, "Hierarchy and the Bargaining Economy: Government and Enterprise in the Reform Process," in Kenneth G. Lieberthal and David M. Lampton, eds., *Bureaucracy, Politics and Decision Making in Post-Mao China* (Berkeley: University of California Press, 1992).

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TABLE 3
CHARACTERISTICS OF THE INFORMATION SYSTEM AND THE NATURE OF INFORMATIONAL PROBLEMS IN THE SOVIET UNION AND CHINA

	Technical Efficiency	*Institutional Prominence*	*Third-party Monitoring*	*Informational Availability & Accuracy*
Soviet Union	More	More	More	More
China	Less	Less	Less	Less

of parallel collection procedures and because the latter data were probably less accurate, since the SSB did not have the institutional prominence and independence necessary to check other ministries or provinces.[50] The policy consequence was Hua Guofeng's Ten-Year Development Plan. Announced in February 1978, it envisioned petroleum revenues to finance 120 large-scale industrial projects.[51] The plan collapsed soon enough: petroleum production plateaued in 1978, and no new wells were discovered.[52]

A plausible explanation of this erroneous forecast is, first, that the projections by the Ministry of Petroleum were based on past performance trends rather than on geological surveys of new reserves and, second, that there were no bureaucratic procedures in place to verify these estimates.[53] There was also no central attempt to coordinate the activities of the various bureaucracies, and they began to sign import contracts worth, according to one estimate, sixty times that of China's export level at the time.[54]

By contrast, the Soviet leaders, with their greater capabilities in statistical collection and processing, were consistently able to make con-

[50] Much of this analysis of the SSB is consistent with a study by Oksenberg based on a series of interviews he conducted in 1981. He gives the example of the acreage of sown cotton, which was underreported by 10 percent in Hebei province. See Michel Oksenberg, "Economic Policy Making in China, Summer 1981," *China Quarterly*, no. 90 (June 1982).

[51] These projects had a financing requirement equal to the total capital construction costs for the previous twenty-eight years. See Carl Riskin, *China's Political Economy* (New York: Oxford University Press, 1987), 258–61.

[52] Barry Naughton, "The Pattern and Legacy of Economic Growth in the Mao Era," in Kenneth Lieberthal et al., eds., *Perspectives on Modern China* (Armonk, N.Y.: M. E. Sharpe, 1991), 249.

[53] An example is the case of constructing a pipeline for transporting natural gas from Sichuan to Shanghai. Huge investments had been made before it was discovered that Sichuan did not have sufficient natural gas. See Naughton (fn. 52), 249–50.

[54] This was given in Dwight Perkins, "Reforming China's Economic System," *Journal of Economic Literature* 26 (June 1988), 618. Other authors have given lower figures. Harding estimates the import contract value to be $40 billion (fn. 5), 149; and Naughton gives an even lower figure, $13 billion (fn. 52), 249. These yield, respectively, 4 and 1.3 times China's export level at the time.

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servative plans and to avoid planning failures on the order of Hua's development plan. The centralized appointment and reporting procedures and the operational independence of the CSA, as well as the prominent bureaucratic status accorded it, were designed to give the CSA both the ability to monitor economic behavior of other ministries and the authority to prevail upon other agencies in cases of statistical inconsistencies.

Soviet planning was a two-step process. First was plan compilation, which, as Powell points out, was relatively unconstrained by reality.[55] The Gosplan (State Planning Commission) faithfully translated directives of the Council of Ministers into plans regardless of how realistic the latter were.[56] However, the second step—plan revisions during enforcement—served to make plan targets more consistent with actual economic conditions. At this stage technical sophistication in statistical collection and processing and the presence of third-party monitoring injected an element of economic realism into Soviet planning.

In terms of dealings with the central planning agency, there was a critical difference between the Soviet and Chinese cases. In the former the negotiations involved in the process of plan revisions did not depend exclusively on a single source of information (a lower-level agent who requested plan revisions), whereas in the latter it did.[57] This suggests that the variance between the plan targets obtained as a result of plan revisions and the existing production possibility frontier would be smaller than in a situation where the lower-level agent consistently had an informational advantage. Second, because Gosplan was better informed about the country's economic activities and its material allocation covered a larger segment of the economy, any changes made in the plan targets would have to take into account the sectoral implications of these changes—more so than in a situation where changes were made purely on the basis of bilateral negotiations.

[55] Raymond P. Powell, "Plan Execution and the Workability of Soviet Planning," *Journal of Comparative Economics* 1 (March 1977).

[56] Paul R. Gregory, *Restructuring the Soviet Economic Bureaucracy* (Cambridge: Cambridge University Press, 1990), 34.

[57] First, Gosplan had independent sources of information with which it could evaluate ministry requests from its on-site visits and audits; Gregory (fn. 56), 37–38. Second, given the fact that the CSA was in charge of receiving ministry requests and that the Soviet system aimed at ironing out differences before reaching the next higher level, it is a plausible conjecture that the CSA data were used to check on ministry or enterprise requests (pp. 29, 93). Third, Gosplan used input norms and other engineering data to counter ministry requests as well as to guide material planning (p. 37). Ministry-wide input-output tables were used as technical criteria to evaluate requests for plan revisions. An example of this use of such tables is given by Martin Cave, *Computers and Economic Planning: The Soviet Experience* (Cambridge: Cambridge University Press, 1980), 115–17.

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Initiation of Reform

Information supply affects two kinds of incentives that bear on decisions to launch reforms. The first refers to what I call "adjustment incentives"—the incentives to adjust the economic system and to search for alternatives to the status quo. The second refers to what I call "selection incentives"—the incentives to select one policy alternative over other available choices. This section illustrates how differences in the information systems in China and the Soviet Union gave rise to the different kinds of incentives.

Planning Realism and Adjustment Incentives

To the extent that differences in the Soviet and the Chinese information systems contributed to different degrees of planning realism and to the extent that in a classical socialist economy planning realism strongly affected macroeconomic performance, we can develop some expectations about the comparative macroeconomic developments in the two countries based on the foregoing discussions on their information systems.

> *Proposition 1.* China experienced greater macroeconomic instability than did the Soviet Union, because its information system was less adequate for meeting the needs of central planning.

Prior to the reforms, China experienced macroeconomic problems more frequently and at a consistently higher level than did the Soviet Union. Because capital investment is a more important contributor to inflation than household consumption, a comparison of the investment behavior of the two countries can illuminate their macroeconomic developments.[58] Harrison uses two measures of investment behavior: the investment mobilization rate over the previous year and unfinished investment capacity as a share of investment. Unfinished capacity—the idle and half-completed building sites—"provides the warning signal of over-investment, and the focus for emergency action to resolve the over-investment crisis."[59]

In terms of unfinished capacity rate (defined as a percentage of total investment), the contrast between China and the Soviet Union is striking. In the Soviet case the highest ratio was 14.1 percent in 1951; in the Chinese case it was 54.1 percent in 1968.[60] The average annual

[58] See Janos Kornai, *The Economics of Shortage* (Amsterdam: North-Holland, 1980).

[59] Mark Harrison, "Investment Mobilization and Capacity Completion in the Chinese and Soviet Economies," *Economics of Planning* 19, no. 2 (1985).

[60] Ibid., tables 2, 4.

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unfinished capacity rate in China between 1950 and 1982 was 27.32 percent; it was only 5.97 percent in the Soviet Union during roughly the same period of time. As a further measure of the difference, under Gorbachev's aggressive modernization program, the Soviet unfinished investment capacity as a share of fixed investment increased to 11.3 percent in 1989.[61] Although this raised concerns about the macroeconomic implications,[62] it is still well below the average Chinese performance. These differences are reflected in Figures 1 and 2; there was far less volatility in the Soviet investment behavior.

Peebles has arrived at similar results by comparing retail price movements in China and the Soviet Union. Chinese consumer prices in 1980, for example, were 128.3 percent of their level in 1950; the comparable Soviet statistic is 104.2 percent. Another indication of inflationary pressures is what Peebles calls purchasing power imbalance, defined as the difference between the annual change of household monetary income and that of the national income. A positive purchasing imbalance denotes inflationary pressures. By that measure, China again fared worse than the Soviet Union; in China the purchasing imbalance averaged about 6.85 percent as compared with only 2.8 percent in the Soviet case.[63]

The macroeconomic situations just prior to the initiation of reform reveal the same pattern. The Soviet macroeconomic shocks were less severe and less erratic than in the Chinese case, as can be seen in Table 4. Trade and budget deficits were by and large at a lower level in the Soviet case and, more importantly, exhibited more constancy on a year-by-year basis. For example, there is no Soviet parallel to the massive deterioration of budgetary stability experienced by China from 1978 to 1979.

> *Proposition 2.* Instances of macroeconomic instability elicit policy adjustments and activate a search for solutions—whether reforms or restoration of central planning—more promptly than do low productivity or low economic growth rates. China was more likely to undertake policy adjustments because it experienced macroeconomic instability more frequently.

Macroeconomic instability and policy reactions are linked via three mechanisms. The first is ideology. The very raison d'être for central planning is its putative proportionality and balance. As Ellman points

[61] On the Soviet figure for 1989, see International Monetary Fund et al. (fn. 24), 93, table C5.

[62] Boris Rumer, "Investment Performance in the Twelfth Five-year Plan," *Soviet Studies* 43, no. 3 (1991).

[63] Gavin Peebles, "Aggregate Retail Price Changes in Socialist Economies: Identification, Theory and Evidence for China and the Soviet Union," *Soviet Studies* 38 (October 1986).

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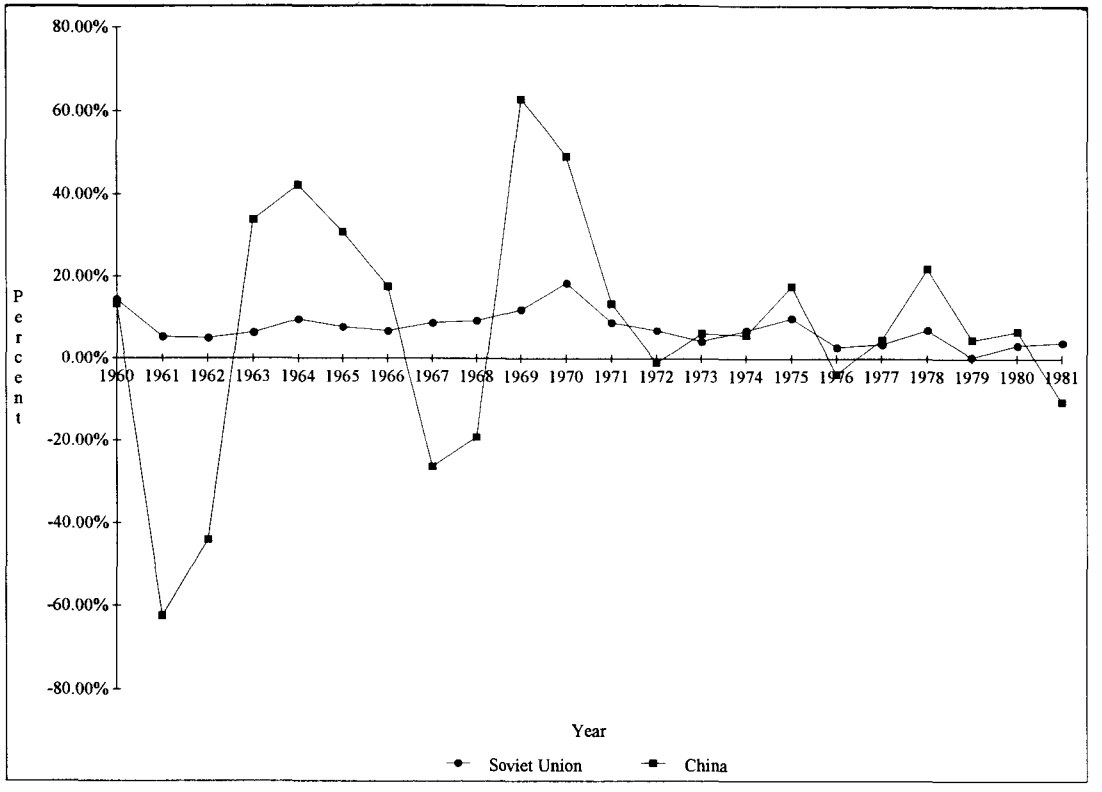

FIGURE 1
ANNUAL INVESTMENT GROWTH, SOVIET UNION AND CHINA
SOURCE: Harrison (fn. 59), 67; tables 2, 4.

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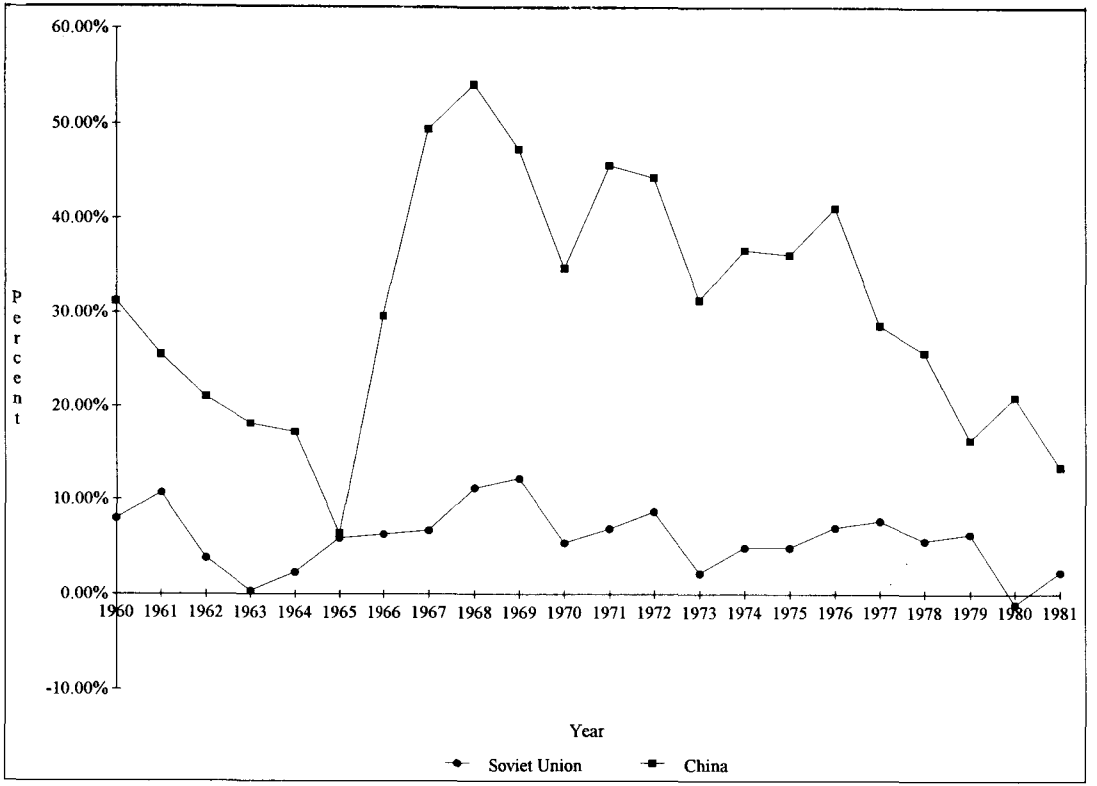

FIGURE 2
UNFINISHED CAPACITY RATE, SOVIET UNION AND CHINA
SOURCE: Harrison (fn. 59), 69; tables 2, 4.

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TABLE 4
MACROECONOMIC DEVELOPMENTS IN CHINA AND THE SOVIET UNION AROUND THE TIME OF REFORM INITIATIONS

	Trade Deficit (% of GNP)	*Budget Deficit (% of GNP)*
China		
1978	−0.57	0.29
1979	−0.80	−4.40
1980	−0.44	−2.94
1981	−0.02	−0.55
Soviet Union		
1984	0.24	−2.0
1985	−0.09	−2.3
1986	−0.34	−6.0
1987	0.04	−6.9
1988	−0.19	−10.3
1989	−0.44	−9.9

SOURCES: All the figures are based on official statistics. Chinese figures are calculated from State Statistical Bureau, *Zhongguo tongji Nianjian 1988* (China statistical yearbook 1988) (Beijing: Zhongguo tongji chubanshe, 1988), tables 2–11, 12–1, 13–1. Soviet figures are calculated from Aslund (fn. 74), tables 7.7, 7.8, 7.10.

out, the Marxist critique of capitalism is that it is inherently disharmonious because of "the anarchy of production, which leads to crises, internecine competition, and wars."[64] Second, in centrally planned economies, especially before reforms, macroeconomic imbalances first and foremost affected the interests of the priority sectors—heavy industry, energy, or raw materials—which had a large voice in the bureaucratic and political processes.

Third, there is a difference in kind between problems such as declining productivity on the one hand and macroeconomic instability on the other. Economic slowdowns, low productivity, and shoddy products generate "negative externalities": their costs are typically borne by the society rather than by the policymakers. Firms or households, for example, engage in forced substitution or queuing when the goods they want are not available.[65] At least in the short run, these spontaneous solutions obviate the need for remedial action on the part

[64] Michael Ellman, *Socialist Planning* (Cambridge: Cambridge University Press, 1989).

[65] Kornai (fn. 4) defines "forced substitution" in the following way: "The customer abandons her original purchasing intention and instead buys something else that is more or less a substitute for it" (p. 230).

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of policymakers. By contrast, budgetary or trade deficits require explicit action by policymakers, because they have to be financed. The financing costs constitute a concrete drain on administrative resources.

Pending more research, these linkages must necessarily remain conjectures; nevertheless, they are fully consistent with the specifications and findings of econometric models on planners' behavior. In the investment planning process policymakers are found to respond promptly to such macrovariables as investment volume in the previous year, shortages of producer goods, and, for small European socialist countries, external trade balances.[66] Additionally, in contrast to the economic growth record, the macroeconomic experiences largely accord with the evidence on the cross-sectional differences in reform timings; that is, economies with larger macroeconomic fluctuations tend to undertake reforms more readily than do those with smaller fluctuations. This is true not just for the Chinese-Soviet comparison but also for a comparison between the Soviet Union and other socialist countries in Europe; the Soviet Union, as Pryor finds in a statistical analysis of economic performance of East European and OECD countries, possessed a combination of low growth rates but high macroeconomic stability as compared with other countries in the sample.[67]

The difference between macroeconomic instability and low productivity as predictor variables lies chiefly in the timing of the policy adjustments rather than their form; as the above logic suggests, macroeconomic instability induces relatively "instantaneous" adjustments from the policymakers, although the adjustments are not necessarily reforms. Nevertheless, in a purely *probabilistic* sense, policymakers who have to make more policy adjustments are more likely to undertake reforms than are those who adjust policies less frequently. From the discussion on the linkage between macroeconomic instability and policy adjustments, inferences can be drawn about the relative likelihood of reforms in China and the Soviet Union: all else being equal, China was more likely to undertake reforms because it endured more instances of macroeconomic instability and adjusted policies more frequently.

[66] See T. Bauer, "Investment Cycles in Planned Economies," *Acta Oeconomica* 21, no. 3 (1978); Irena Grosfeld, "Modeling Planners' Investment Behavior: Poland, 1956–1981," *Journal of Comparative Economics* 11 (June 1987); and Gerard Roland, "Investment Growth Fluctuations in the Soviet Union: An Econometric Analysis," *Journal of Comparative Economics* 11 (June 1987).

[67] See Pryor (fn. 11). Of course, factors affecting macroeconomic stability differed between smaller European countries and the former Soviet Union. For small countries, the more likely factors were trade fluctuations; for the former Soviet Union, the internal policies were more important.

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The Information Costs and Selection Incentives

It is a fundamental premise of this essay that policymakers typically have to choose from among a number of policy alternatives. In the case of centrally planned economies, they must choose between strengthening central planning on the one hand (which implies, inter alia, strengthening central statistical collection in order to improve bureaucratic coordination) and decentralization of decision making to lower-level agents commonly associated with the first steps of reforms on the other. In the absence of compelling intellectual argument for one or the other alternative, selection incentives depend on the relative costs of the available choices.

Focusing on the informational aspect of these costs, I argue that, apart from the stronger adjustment incentives outlined above, the selection incentives of Chinese policymakers more strongly favored reforms because information costs with the strengthening of central planning were higher than the similar costs facing Soviet policymakers. I will propose a way to make a qualitative comparison about information costs and then use it to explain differences in the timing of reform.

I assume that policymakers have an incentive to increase the provision of information when they do not have sufficient information.[68] But there are costs to this. First, there are fixed costs, or set-up costs, the costs—in terms of both time and money—incurred to establish the information system. Second, there are variable costs, or the costs of producing information once the information system has been set up. The nature of information collection and processing is such that fixed costs are high in proportion to the variable costs.

There are three reasons for this. First, a portion of the fixed costs represents "specific investments"—investments that are limited to one application and cannot be deployed for an alternative use except at high cost.[69] Technical skills suitable for certain tasks but not for others are examples; so are routines designed for certain purposes but not for

[68] Throughout this essay, information refers to knowledge about *routine* and relatively *general* economic phenomena rather than about those that are highly idiosyncratic or intrinsically unobservable (such as an individual's preference or intelligence). This distinction is critical, since in the case of routine information (such as the tonnage of steel produced), increasing information provision is a meaningful alternative to reforms.

[69] For further discussion of specific investments or asset specificity and its implications for business organizations, see Oliver E. Williamson, *The Economic Institutions of Capitalism* (New York: Free Press, 1985). For a political science application of the concept, see Jeffry A. Frieden, *Debt, Development, and Democracy* (Princeton: Princeton University Press, 1991).

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others.[70] The level of the specificity of the investments depends on the ease with which the skills and routines are transferable across their different deployments.

Classical central planning and decentralized market socialism require different statistical collections because they employ different indicators of success. For classical central planning, the relevant indicator is physical output; for market socialism, it is profitability. Under central planning, statistical norms are defined in physical rather than in value terms; collection is complete, and regular enumeration, rather than periodical sampling, and reporting schedules follow the fixed planning cycles (usually calendar years) rather than the normal business cycles. Enterprise record keeping is uniform under central planning, whereas under market socialism it is not.[71]

Second, some of the fixed information costs are "irreversible," because information collection and processing are a labor-intensive activity and the requisite skills are "locked up" in an individual's mind.[72] One indication of the labor intensity of information processing and collection is the share of statisticians working in centrally planned economies. In the Soviet Union, in 1987, the central office of the CSA employed about 41,000 persons[73] out of about 108,000 employees in all central ministries.[74] (In comparison, the United States has about 13,000 full-time employees involved in statistical work at the federal level.)[75]

Third, and probably most important for this analysis, there is a significant time lag between investing in an information system and reaping the returns. Constructing bureaucratic machinery is a time-consuming activity that involves developing procedures, inculcating norms, and acquiring necessary human capital.[76]

[70] Broadly speaking, routines themselves embody "tacit knowledge" necessary to operate an organization. "In a sense," Teece argues, "organizations 'remember by doing.' Routine operation is the organizational counterpart of the exercise of skills by an individual." To the extent the tacit knowledge embodied in one routine is specific to that routine, the investment in setting up that routine constitutes a specific investment. See David J. Teece, "Towards an Economic Theory of the Multiproduct Firm," *Journal of Economic Behavior and Organization* 3 (March 1982).

[71] On this and other related points, see Campbell (fn. 35); and Treml (fn. 41).

[72] Kenneth J. Arrow, *The Limits of Organization* (New York: W. W. Norton, 1974).

[73] International Monetary Fund et al. (fn. 24), 135.

[74] Anders Aslund, *Gorbachev's Struggle for Economic Reform* (Ithaca, N.Y.: Cornell University Press, 1991).

[75] International Monetary Fund et al. (fn. 24).

[76] On this and other related points, see Dietrich Rueschemeyer and Peter B. Evans, "The State and Economic Transformation: Toward an Analysis of the Conditions Underlying Effective Intervention," in Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), 51–52.

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The fact of investment specificity, investment irreversibility, and time lag implies that costs of resorting to an alternative information system depend critically on the "sunkness" of the investments embedded in the current information system. All else being equal, the higher the sunk costs, the higher the costs of establishing an alternative information system and therefore the weaker incentives to do so. Sunk costs thus constitute a form of "exit barriers," either because they reduce returns from alternative activities or because they cause average costs associated with the current activity to fall in the long run.[77] Arrow summarizes these considerations:

> Once the investment has been made and an information channel acquired, it will be cheaper to keep on using it than to invest in new channels, especially since the scarcity of the individual as an input . . . implies that the use of new channels will diminish the product of old ones. Thus, it will be difficult to reverse an initial commitment in the direction in which information is gathered.[78]

Based on the foregoing logic, I propose the following hypothesis.

> *Proposition 3.* Chinese leaders had greater incentives than did Soviet leaders to adopt an alternative to central planning, because their information costs associated with central planning were higher.

Chinese leaders were keenly aware of the inadequacies of their planning capacity. In his study based on interviews with Chinese officials, Oksenberg observes:

> Many officials believed China really did not have a capacity to develop reliable Five-Year Plans. Indeed, without a complex econometric model of the economy, many Chinese planners questioned their ability to make accurate, alternative projections one year into the future based on differing assumptions and different policies.[79]

The first requirement for improving planning was to strengthen statistical collection. But to do so, the Chinese leaders faced primarily the fixed costs of information. Two types of evidence are used to adduce this judgment.

First, after the Cultural Revolution the institutional capacity of the SSB needed to be greatly expanded in order to be able to collect economic data sufficient and detailed enough for central planning. But

[77] For a more rigorous illustration of these points, see Richard J. Gilbert, "Mobility Barriers and the Value of Incumbency," in Richard Schmalensee and Robert D. Willig, eds., *Handbook of Industrial Organization*, vol. 1. (Amsterdam: North-Holland, 1989).

[78] Arrow (fn. 72).

[79] Oksenberg (fn. 50).

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the gap between the SSB and the CSA in terms of institutional capacity was staggering. One indication, already alluded to, was the lower level of mechanization at the SSB; another and probably more telling indication is the paucity of statistical personnel in the Chinese planning system as compared with the Soviet system. In a memorandum to central leaders in 1981, a former deputy director of the SSB and a renowned economist, Sun Yefang, underscored the backwardness of the Chinese statistical system by contrasting the shares of statistical professionals as a proportion of the population in China with that in the Soviet Union: 0.0016 percent as compared with 8 percent.[80] A similarly huge gap existed between China and the Soviet Union in terms of the numbers of personnel working for the statistical agency and the planning agency at the central level on the eve of reforms, as can be seen in Table 5. Soviet statisticians in the central government outnumbered their Chinese counterparts in 1976 by a factor of approximately 900; and in 1981, by a factor of 146. For planning officials, it was a factor of 50.

Because of the paucity of statistical personnel, it would have taken significant fixed costs in resources and time to build up the SSB from its level in the late 1970s. As a measure of the time required, the central government set the 1981 ceiling for the SSB staff at 350 but only managed to fill 280 of the available slots.[81] By 1988, after a ten-year effort to revamp the statistical system, the central office of the SSB had about 580 staff members, still only 1.4 percent of the personnel in the CSA.[82]

Second, in order to restore central planning, the Chinese leaders would have had to reassert central control over local statistical operations. Again, then, recentralization along the lines of the CSA, at least in short order, was virtually precluded given the years of decentralized management. Local officials had come to view the local SSB branches as serving their own needs and resisted moves toward recentralization, especially in the area of personnel appointment. Although the 1981 decree by the State Council gave the central office of the SSB appointment power over the senior staff members of the local branches,[83] in effect local governments used their appointment power over other offi-

[80] These figures refer to numbers of people in charge of statistical collection and processing in all government departments and enterprises. See Wang (fn. 47), 319–20. Whether such a comparison actually has the kind of economic significance alleged by Sun is beside the point; more relevant is the perception that the problem existed.

[81] Oksenberg (fn. 50), 185.

[82] Ministry of Personnel, "Guanyu guojia tongjiju suoshu shiye danwei jigou he bianzhi de pifu," in State Statistical Bureau, ed., *Tongji gongzuo zhongyao wenjian xuanbian, 1988–1990* (Selections of important documents on statistical work, 1988–1990) (Beijing: Zhongguo tongji chubanshe, 1991), 161.

[83] Wang (fn. 47), 212–13.

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TABLE 5
NUMBERS OF PERSONNEL IN THE HEADQUARTERS OF THE SSB, THE CSA, GOSPLAN, AND THE SPC
(SELECTED YEARS)

	Soviet Union		*China*		*Ratios*
Statistical agency	41,000	(1987)	46	(1976)	891.3
	41,000	(1987)	280	(1981)	146.4
Planning agency	2,560	(1986)	50	(early 1970s)	51.2
GNP (U.S. billion $)	1,095.7	(1975)	232.1	(1978)	4.7
GNP per capita (U.S. $)	4,307	(1975)	241.2	(1978)	17.9

SOURCES: On the CSA, see IMF et al. (fn. 24), 135. On the SSB, see *Dangdai* (fn. 37), 78; Wang (fn. 47), 212; and Oksenberg (fn. 50), 185. On Gosplan and the Soviet central ministries, see Aslund (fn. 74), 119, 120. On the SPC, see Peter N. S. Lee, *Industrial Management and Economic Reform in China, 1949-1984* (Hong Kong: Oxford University Press, 1987), 104.

cials to evade this restriction. "'Dual subordination' in essence is the leadership of local governments by another name."[84]

Given the high fixed costs of building up China's statistical system—in terms of both the requisite administrative resources and the inevitability of a significant time lag—Chinese leaders had greater incentives to look for a cheaper alternative. This is consistent with the theory laid out above. If the supply of information could not be increased in the short run without high costs, then the alternative—delegation of decisions, which reduces the central demand for information—would appear attractive. Specifically, Chinese reforms have two prominent information-saving features.

First, the single most significant institutional change of the Chinese reforms (the responsibility system) reduces the policymakers' demand for information, in two ways. One is that the central government can form stable expectations about the future; tax contracts with provinces, for example, enable the central government to forecast revenues more accurately.[85] The other is that detailed central monitoring is unnecessary when, for example, the tax contracts make the local governments the residual claimants of tax revenues and induce an incentive for self-monitoring.[86]

[84] Gao Zhongsheng et al., "Jiaqiang tongji fazhi, tigao shuzi zhiliang," in China Statistical Association, ed., *Zhongguo tongji fazhan zhanlue wenti yanjiu* (Research on China's statistical development strategy) (Beijing: Zhongguo tongji chubanshe, 1988), 174.

[85] This is not meant to be a comprehensive discussion of the pros and cons of the tax contract system. Such discussion would require that any informational gains be balanced against other problems associated with the tax contract system. For a discussion of many of the economic problems associated with the system, see World Bank, *China: Revenue Mobilization and Tax Policy* (Washington, D.C.: World Bank, 1989), 7–23.

[86] This is a central hypothesis advanced in Alchian and Demsetz. The argument is that firms reduce shirking behavior typically associated with team production by giving the principal—the owner—the

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Second, different economic activities impose different informational requirements on policymakers. If the information motive is correct, we should expect reforms to occur first in areas where information collection is more problematic. The two areas in which Chinese reforms were first implemented—agriculture and the tax relationships between the center and the provinces—are beset with information problems, for three reasons. (1) Many highly interdependent variables affect the final outcome. Tax revenues depend on tax rates, production levels, prices of outputs and inputs, and so on, in contrast to industrial production, which in a static situation can be specified by technical parameters. (2) It is inherently difficult to forecast the effect of many of these variables accurately, either because of their high variance or because of the presence of stochastic elements. Soil, water, and weather conditions are such examples. (3) Financial flows are vulnerable to strategic calculations, especially when there is scarcity of administrative resources. A lump-sum tax, as instituted in many tax contracts, would reduce the incentive to engage in tax evasion as well as the need for monitoring.[87]

In the Soviet Union, central planning persisted longer because the Soviet leaders faced primarily the variable (and therefore lower) costs associated with information provision. During the acceleration and the early reform periods, Soviet leaders relied mainly on what Kornai calls the "perfection of the system"—the attempt to make marginal improvements of the existing system.[88] Thus, for example, measures to increase enterprise autonomy and to improve product quality emphasized either producing a better indicator or enforcing the existing indicator, both of which relied on the bureaucratic channels already in place to collect and process information.[89] Moreover, much administrative and political effort went into augmenting bureaucratic moni-

marketable title to the reward of the team production; the principal then has an incentive to monitor team production. See Armen Alchian and Harold Demsetz, "Production, Information Costs, and Economic Organization," *American Economic Review* 62 (December 1972).

[87] Shortage of capable administrators in developing countries causes governments to levy excessive tariffs on imports and exports for which ports of entry are few, while leaving many other potential taxable activities untapped. That agriculture has a complex production function is often the single most important reason why central planning has failed in agriculture much more than in industry. For these and related points, see any standard textbook on economic development, e.g., Malcolm Gillis et al., *Economics of Development* (New York: W. W. Norton, 1983). In the Soviet Union one-third of meat and milk production and two-thirds of egg production were accounted for by private plots, even though private plots only constituted 1.4 percent of cultivable land. See Hewett (fn. 5), 117. Poland and Hungary adopted private farming long before their governments formally embraced a market model.

[88] Kornai (fn. 4), 396.

[89] On enterprise autonomy, see Hewett (fn. 5), 252, 260–63; and on product quality, see International Monetary Fund et al. (fn. 24), 20–21.

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toring capabilities rather than, as in the Chinese case, developing appropriate incentive structures.

In the first three years of Gorbachev's leadership, bureaucratic turnover[90] did not affect the CSA.[91] In 1987 the CSA was elevated to a state committee, a step designed to strengthen the authority of the CSA to monitor the activities of other ministries. In a joint communiqué, the Central Committee and USSR Council of Ministers spelled out the tasks of the newly reformed CSA:[92]

> The comprehensive study of the profound transformations and economic and social processes taking place in society on the basis of scientifically substantiated indicators . . . , the revealing of the reserves that exist for increasing social production efficiency, and the timely provision of reliable information to party, soviet, economic management, and economic organs and the broad public are to be considered the most important tasks of the state statistical service under the new conditions of economic management.

Apart from the institutional restructuring and such measures as the establishment of public commissions to verify objectivity of information,[93] the Soviet policymakers also made a concerted administrative effort to ensure statistical veracity. Belov, the first deputy chairman of the USSR State Committee for Statistics (the successor to the CSA), revealed that his agency canceled 28,000 forms of false accounts and he made a case for "a corresponding restructuring of monitoring activity."[94] *Izvestiya* reported in 1988 that 15,000 officials were prosecuted for promulgating statistical distortions.[95]

Publication of exposés of statistical distortions was stepped up in the media. Selyunin and Khanin, a journalist and an economist respectively, showed that the Soviet economy from 1976 to 1983 grew by 9

[90] The number of ministries at the union level was reduced from sixty-four in 1979 to fifty-five in 1988 and it was claimed that out of 108,000 central management ministry personnel in 1986, 39,000 were cut by 1988. See Aslund (fn. 94), 119.

[91] Treml (fn. 41), 67.

[92] See "Problems in Statistics Work Discussed," *Sobraniye Postanovleniy Pravitelstva SSSR: Otdel*, no. 34 (1987), trans. in FBIS-SOV, October 23, 1987, 63–68.

[93] P. Korotkov and E. Luchnikova, "Do Statistics Know Everything? Notes from a News Conference at the USSR State Committee for Statistics," *Ekonomicheskaya Gazeta*, no. 18 (April 1989), trans. in FBIS-SOV, May 4, 1989, 82–84.

[94] Statistical falsifications probably became more severe under the impact of Gorbachev's acceleration program, as the incentives to embellish achievements increased. N. Belov, first deputy chairman of the USSR State Committee for Statistics, wrote in 1987 that overreporting was discovered at 18 percent of the installations inspected in the Kabardino-Balkar ASSR, at 16.6 percent in Kiev, and at 31.3 percent in Samarkand Oblast. See Belov, "Changes in Statistics Work Outlined," *Ekonomicheskaya Gazeta*, no. 42 (October 1987), trans. in FBIS-SOV, October 27, 1987, 78–80.

[95] Yu Rytov, "Topic of the Day: Better Early Than Never," *Izvestiya*, April 27, 1988, trans. in FBIS-SOV, May 3, 1988, 41–42.

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percent as compared with the accepted official figure of 75 percent.[96] Their article was quite damaging to the CSA; in a number of interviews with the heads of the CSA between 1987 and 1990 Soviet journalists repeatedly challenged the authenticity of the CSA data.[97]

The definitions of norms, the procedures and schedules for submitting reports, and the staffing of the CSA more or less adequately met the requirements of central planning. In contrast to the SSB, the Soviet policymakers had at their disposal instruments for dealing with problems arising from information shortfalls or statistical inaccuracies. Such measures as bureaucratic reshuffling, the issuing of instructions, or the launching of bold criticisms in the press relied on well-honed administrative practices and incurred little marginal cost, a fact that shaped the mentality and problem-solving approaches of the planners. To the extent that the feasibility of the "perfection" approach was based on the belief that accurate information could be achieved with the appropriate measures, the Soviet leaders had an incentive to rely on the perfection approach and as a result delayed reforms.

Conclusion

Three specific predictions can be drawn from the foregoing analysis. First, over time, reforms are more likely to occur following a drastic reduction in central planning capabilities. This reduction can occur because of political shocks that are exogenous and unrelated to the reform efforts, such as the Cultural Revolution, or because of the economic reform program, such as Gorbachev's effort to streamline bureaucracy. Second, reforms are even more likely to occur if this reduction in central planning capabilities leads to inflationary pressures in the economy. Third, to apply the foregoing two predictions across countries—those with a higher rate of inflation and weaker central planning capabilities are more likely to reform than are others. The va-

[96] Their analysis was based on the calculation of physical units of output to avoid price overcharge. See Vasily Selyunin and Grigory Khanin, "Making the Case for Reliable Statistics," *Novy mir*, no. 2 (February 1987), trans. in *Current Digest of the Soviet Press* 39, no. 25 (1987), 10–12. Soviet researchers also began to challenge the social statistics collected by the CSA. On environmental statistics, see Leonid Liubomirskii, "Another Look at the Reliability of Official Soviet Pollution Statistics," *Environmental Policy Review* 5 (January 1991); on educational statistics, see L. Denisova, "Let Us Not Sin against the Truth," *Soviet Education* (May 1990).

[97] See "Izvestiya Interviews Statistics Chief Korolev," *Izvestiya*, June 23, 1987, trans. in FBIS-SOV, July 2, 1987; "Bases for Economic Comparisons Questioned," *Izvestiya*, October 13, 1988, trans. in FBIS-SOV, October 18, 1988; "Statistics Committee Chief Interviewed," *Izvestiya*, August 1, 1989, trans. in FBIS-SOV, August 9, 1989; and "Economic Statistics No Cause for Satisfaction," *Izvestiya*, January 27, 1990, trans. in FBIS-SOV, January 30, 1989. Treml (fn. 41) argues that the publicity such criticisms received may have been part of a strategy to put more pressure on the CSA.

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lidity of these three predictions and of their underlying logic can be confirmed or rejected when they are applied to additional cases.

A disclaimer is in order. Because the approach employed here analyzes the incentive structures that govern policy choices, predictions are framed in probabilistic rather than deterministic terms.[98] As such, the approach would not preordain an inevitable reformist course in China; nor, for that matter, would it have precluded the occurrence of reforms in the Soviet Union. The only claim is that it would have been more costly, compared with the Chinese case, for the Soviet leaders to undertake reforms. This observation appears to accord with the Soviet reform experience: it was accompanied by far greater institutional and political turmoil than accompanied the Chinese experience.

Does the informational approach improve upon the other noneconomic explanations outlined at the beginning of this essay? To some extent, the approach is less ad hoc than are explanations that stress political learning, ideological evolution, and generational changes. This is principally because the posited independent variable—the institutional characteristics of information collection—can be ascertained separately from the dependent variable. Substantively, the approach yields predictions more consistent with a cross-sectional comparison of the reform timings than what would be implied by the role of the military, generational change, or ideological evolution.[99]

The informational approach overlaps considerably with the bureaucratic power argument in that both predict a higher likelihood for reform in China; they differ, of course, by stressing different independent variables. The choice between the two explanations is then dictated by other considerations. One such consideration is the "explanatory economy"—the ability of a theory to account for more than one phenomenon of interest.[100] Here the capability-based bureaucratic

[98] As Pierson observes, "Incentive structures influence the probability of particular outcomes and the payoffs attached to those outcomes. Individuals choose, but the conditions that frame their decisions provide strong inducements to make particular choices." See Paul Pierson, "When Effect Becomes Cause: Policy Feedback and Political Change," *World Politics* 45 (July 1993), 598.

[99] If the argument on military pressures can be generalized to state that superpower rivalry induces military pressures for reforms, the argument must be falsified in a comparison of the Chinese and Soviet reform timings, because it would predict a higher likelihood of reforms in the Soviet Union. In addition, Sovietologists are divided about the role played by the military in the initiation of reform. See, for example, Matthew Evangelista, "Economic Reform and Military Technology in Soviet Security Policy," *Harriman Institute* 2 (January 1989); Russell Bova, "The Soviet Military and Economic Reform," *Soviet Studies* 40 (July 1988).

Theories on generational change and ideological evolution, when generalized across cases, would also predict a higher likelihood for reform in the former Soviet Union.

[100] Indeed, because there are only a few cases available for doing comparative qualitative analysis, the strength of a posited relationship between an independent variable and a dependent one should be further evaluated by identifying *approximate* cases for analysis. This requires, among other things, incorporating different dependent variables in the analysis.

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explanation differs from the power-based explanation. If, as Shirk argues, China's piecemeal reform approach was a political attempt to overcome bureaucratic resistance, then it is a mystery as to why the Soviet reform approach was far more comprehensive and radical compared with the Chinese approach at a similar stage in the reform process.[101]

This difference in reform approaches is fully consistent with what the information approach would predict. In the Chinese case, in the absence of full and independent information, a reiterative reform strategy that emphasized learning by doing was superior because of its ability to take unforeseen contingencies into account. In the Soviet case, where there was the *perception* that future contingencies could be mapped out beforehand, pursuing a comprehensive reform strategy was considered more feasible.

The argument in this essay—that previous sunk investments strongly condition present behavior—is particularly useful when explaining the long-term persistence of institutions that are quite inefficient by more obvious economic criteria. Pierson uses this framework to explain the success of social security reforms in Great Britain and the absence of similar success in the United States.[102] The social security system became entrenched in the United States in the 1930s; by contrast, the system never matured in Great Britain because of frequent changes in government. Inefficient institutions persist, argues

[101] See Shirk (fn. 30). By and large, Chinese policymakers took a piecemeal approach to reform by sequencing reforms in different economic sectors and by not setting a precise timetable for implementation. The Chinese reform approach has been variously described as "open-ended" and "crossing the river by feeling the stones." See Cyril Zhiren Lin, "Open-ended Economic Reform in China," in Victor Nee and David Stark, eds., *Remaking the Economic Institutions of Socialism* (Stanford, Calif.: Stanford University Press, 1989). For more detailed discussions, see Inderjit Singh, "Is There Schizophrenia about Socialist Reform Theory?" *Transition* 2 (July–August 1991); Chen Kang, Gary H. Jefferson, and Inderjit Singh, "Lessons from China's Economic Reform," *Journal of Comparative Economics* 16 (June 1992).

In contrast, Soviet leaders favored a simultaneous and comprehensive approach and tended to specify, ex ante, precise dates for completing reforms. The reform package announced in 1987 embraced "nearly every major aspect and sector of the economy," as Schroeder notes; see Gertrude Schroeder, "Anatomy of Gorbachev's Economic Reform," in Ed A. Hewett and Victor H. Winston, eds., *Milestones in Glasnost and Perestroika*, volume on the economy (Washington, D.C.: Brookings Institution, 1991), 217. A full price adjustment was to be attempted. This proposal was rejected by Chinese policymakers, however, explicitly on the grounds that there was not sufficient information. Enterprise, foreign trade, and agricultural reforms were to be carried out at the same time. Indeed, a new economic mechanism was to be in place by 1990. See Leonid I. Abalkin, "The New Model of Economic Management," in Hewett and Winston; Hua Sheng, Zhang Xuejun, and Luo Xiaopeng, "Zhongguo shinian jingji gaige huigu, fansi he zhanwang," *Jingji yanjiu* (September, October, and December 1988). Also some of the price reform schemes were based on central planning concepts, such as using linear programming to calculate marginal costs and using input-output tables to forecast the effects of price changes. See Nikolay Ya. Petrakov, "Prospects for Change in the Systems of Price Formation, Finance and Credit," in Hewett and Winston.

[102] Pierson (fn. 97).

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North, because there are increasing returns to institutions.[103] Taking this hypothesis one step further, I have argued that those institutions which enjoy greater increasing returns tend to persist longer than those which enjoy decreasing returns.

The framework is equally applicable to an examination of the reform process in the socialist countries. North shows the effect of the "shadow of the past" on the process of institutional changes; informal rules, for example, change more slowly than formal rules and tend to be more inelastic. Thus, in Hungary the elite in the party-state apparatus benefited disproportionately from privatization schemes via "*nomenklature* buyouts";[104] in China, according to Solinger, the reforms brought about "relational contracting" relying on associations formed in the past rather than on market relationships.[105] Qian and Xu, on the other hand, have shown how the reform success in China should be attributed to the characteristics of its planning institutions on the eve of the reforms.[106]

This essay is also part of a broader effort to incorporate administrative capabilities into political and policy analysis. Political scientists have traditionally eschewed this sort of analysis because it tends to "depoliticize issues."[107] Yet if administrative capabilities matter for the outcome we are seeking to explain, their omission can cause biases. Incorporating administrative and technical characteristics of government into a standard political analysis that stresses the role of power and conflicts should be a promising area of research.

[103] Douglass C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1991).

[104] David Stark, "Privatization in Hungary: From Plan to Market or From Plan to Clan?" *East European Politics and Societies* 4 (Fall 1990).

[105] Dorothy J. Solinger, "Urban Reform and Relational Contracting in Post-Mao China: An Interpretation of the Transition from Plan to Market," *Studies in Comparative Communism* 22 (Summer–Autumn 1989).

[106] Qian Yingyi and Xu Chenggang, "Why China's Economic Reforms Differ: The M-Form Hierarchy and Entry/Expansion of the Non-state Sector" (Manuscript, Stanford University and London School of Economics, 1992).

[107] See Pierson (fn. 97).

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Review Article

ON THE THIRD WAVE OF DEMOCRATIZATION
A Synthesis and Evaluation of Recent Theory and Research

By DOH CHULL SHIN*

If liberal revolutionaries do not act decisively to shape retributive urges into manageable forms, the revolutionary quest for a new order can all too easily degenerate into endless rounds of mutual recrimination.

—*Bruce Ackerman*
1993

The global democratic revolution cannot be sustained without a global effort of assistance.

—*Larry Diamond*
1992

At this moment in history, democracy will be furthered not by efforts to extend it to societies where social and economic conditions are still unfavorable, but rather to the deepening of democracy in societies where it has been recently introduced.

—*Samuel P. Huntington*
1994

The success of democratization depends a great deal on the kind of a democracy that is adopted at the outset.

—*Arend Lijphart*
1991

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> Whether democracy succeeds or fails continues to depend significantly on the choices, behaviors, and decisions of political leaders and groups.
>
> —*Seymour Martin Lipset*
> 1994

THE past two decades have witnessed remarkable progress for democracy. Since 1972 the number of democratic political systems has more than doubled, from 44 to 107.[1] Of the 187 countries in the world today, over half—58 percent—have adopted democratic government. With the collapse of communism, moreover, democracy has reached every region of the world for the first time in history. And it has become "the only legitimate and viable alternative to an authoritarian regime of any kind."[2]

The global expansion of democracy poses a fascinating challenge for social scientists and policymakers. Social scientists are called upon to examine the forces propelling this wave of democratization and to reexamine the established theories emphasizing the importance of socioeconomic and cultural factors in democratic development.[3] Policymakers for their part must explore the ways in which new democracies can be sustained and consolidated.[4]

How have those in the scholarly community and in government cir-

[1] Bruce R. McColm, "The Comparative Survey of Freedom, 1993," *Freedom Review* 3 (January–February 1993); Adrian Karatnycky, "Freedom in Retreat," *Freedom Review* 25 (February 1994).

[2] Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1992), 58. See also Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992); and Dankwart A. Rustow, "Dictatorship to Democracy," in Uner Kirdar and Leonard Silk, eds., *A World Fit for People* (New York: New York University Press, 1994).

[3] Gabriel Almond, "Democratization and 'Crisis, Choice, and Change'" (Paper presented at the annual meeting of the American Political Science Association, Chicago, September 4, 1992); Nancy Bermeo, ed., *Liberalization and Democratization: Change in the Soviet Union and Eastern Europe* (Baltimore: Johns Hopkins University Press, 1992); Grzegorz Ekiert, "Democratization Processes in East Central Europe: A Theoretical Reconsideration," *British Journal of Political Science* 21 (July 1991); Gary Marks and Larry Diamond, eds., *Reexamining Democracy: Essays in Honor of Seymour Martin Lipset* (Newbury Park, Calif.: Sage, 1992); Seymour Martin Lipset, "The Social Requisites of Democracy Revisited," *American Sociological Review* 59 (February 1994); Manus F. Midlarsky, "The Origins of Democracy in Agrarian Society," *Journal of Conflict Resolution* 36 (September 1992); Karen Remmer, "New Wine or Old Bottlenecks? The Study of Latin American Democracy," *Comparative Politics* 23 (July 1991); Dietrich Rueschemeyer, Evelyne Hubert Stephens, and John D. Stephens, *Capitalist Development and Democracy* (Chicago: University of Chicago Press, 1992); Frederick Weil, Jeffrey Huffman, and Mary Gautier, eds., *Democratization in Eastern and Western Europe* (Greenwich, Conn.: JAI Press, 1993).

[4] Graham Allison, Jr., and Robert Beschel, Jr., "Can the United States Promote Democracy?" *Political Science Quarterly* 107 (Spring 1992); Abraham F. Lowenthal, *Exporting Democracy: The United States and Latin America* (Baltimore: Johns Hopkins University Press, 1991); Joan Nelson, *Encouraging Democracy: What Role for Conditioned Aid* (Washington, D.C.: Overseas Development Council, 1992); United States Agency for International Development, "Asia Democracy Program Strategy" (Manuscript, 1991); United Nations Development Program, *Human Development Report* (Oxford: Oxford University Press, 1992); Charles Wolf, Jr., ed., *Promoting Democracy and Free Markets in Eastern Europe* (Santa Monica, Calif.: Rand, 1991).

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cles responded to these challenges and how have their recent efforts differed from those of earlier decades? What has been learned about the dynamics of democratization itself? What kinds of strategies and tactics have been prescribed for consolidating democratic gains around the world and encouraging democratic reforms in those countries that remain nondemocratic? These are the central questions addressed in this article, which seeks to offer a comprehensive assessment of the theoretical and empirical literature on democratization that has accumulated during the past decade.

The article analyzes the four major issues that have been grist for academic and policy debate on democratization. Specifically, it examines the conceptual and methodological issues of defining and measuring democratization along with the theoretical and strategic issues of explaining and promoting it. Conceptual issues come into play because how one defines democracy and democratization determines what one identifies as the problems for democratic development and what one proposes by way of specific recommendations and guidelines. Measurement issues are important because one needs improved measures of the concepts to monitor the process of democratization accurately and reflect its meaning in policy-making. Theoretical issues are essential for identifying and comparing the dominant and distinctive forces shaping the current wave of democratization. And finally, strategic issues are examined because the extension of democracy to societies where social and economic conditions are still unfavorable and the consolidation of new democracies require policy actions and choices on both domestic and international fronts.

This article rests on three premises. Theoretically, democracy, as government by the demos or people, can survive and advance only when the mass public is committed to it.[5] Empirically, newly democratizing countries tend to lack many factors that facilitate the process of democratization, including market economies and civic organizations. As a result it is uncertain whether these democracies will continue to consolidate or whether they will regress into authoritarian rule.[6] Strategically, choices and other deliberate action can make a significant

[5] Russell J. Dalton, *Citizen Politics in Western Democracies* (Chatham, N.J.: Chatham House, 1989); Ronald Inglehart, *Culture Shift in Advanced Industrial Countries* (Princeton: Princeton University Press, 1990); Sidney Tarrow, "Mass Mobilization in Transition to Democracy: Two Applications in Southern Europe" (Paper presented to the Subcommittee on the Democratization of Southern Europe of the SSRC/ACLS Joint Committee on Western Europe, Delphi, Greece, 1992); Robert A. Dahl, "The Problems of Civic Competence," *Journal of Democracy* 3 (October 1992).

[6] Kenneth Auchincloss, "The Limits of Democracy," *Newsweek*, January 27, 1992; McColm (fn. 1); Marc F. Plattner, "The Democratic Revolution," *Journal of Democracy* 2 (Fall 1991); Philippe C. Schmitter, "Dangers and Dilemmas of Democracy," *Journal of Democracy* 5 (April 1994); Francisco C. Weffort, "What Is a 'New Democracy'?" *International Social Science Journal* 136 (May 1993).

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difference in overcoming the problems and meeting the challenges of democratization.[7]

This article has eight parts. It begins with a brief discussion of significant shifts in the study of democracy and democratization over the past decade. This is followed by an illustration of how the concepts of democracy and democratization have been defined and measured. Next it examines the causes and consequences of the current wave of democratization still unfolding in many different regions of the world. It then assesses major arguments for and against the presidential and parliamentary systems employing the plurality and proportional electoral systems, respectively. Afterward, the article discusses long-term strategies and short-term tactics for democratization. Finally, it highlights the problems and prospects of this "third wave" of democratization.

Recent Trends in the Study of Democracy

In terms of the sheer amount of attention from the scholarly community and professional associations, the study of democracy and democratization has become "a veritable growth industry,"[8] as witnessed by the recent sharp rise in the number of professional conferences and publications on the subject.[9] More notable than the increased amount of scholarly attention are the qualitative changes in the study of democracy.

Conceptually, the establishment of a viable democracy in a nation is no longer seen as the product of higher levels of modernization, illustrated by its wealth, bourgeois class structure, tolerant cultural values, and economic independence from external actors. Instead, it is seen

[7] David Collier and Deborah Norden, "Strategic Choice Model of Political Change in Latin America," *Comparative Politics* 24 (January 1992); John Higley and Richard Gunther, eds., *Elites and Democratic Consolidation in Latin America and Southern Europe* (New York: Cambridge University Press, 1992); Arend Lijphart, "Constitutional Choices for New Democracies," *Journal of Democracy* 2 (Winter 1991); Scott Mainwaring, Guillermo O'Donnell, and J. Samuel Valenzuela, eds., *Issues in Democratic Consolidation* (Notre Dame, Ind.: University of Notre Dame Press, 1992).

[8] Scott Mainwaring, "Transition to Democracy and Democratic Consolidation: Theoretical and Comparative Issues," in Mainwaring, O'Donnell, and Valenzuela (fn. 7), 295

[9] Since 1990, for example, seventeen professional journals have devoted one or more issues to the topic of democracy or democratization. These include *Alternatives* (Summer 1991); *American Behavioral Scientist* (March–June 1992); *Annals of the American Academy of Political and Social Science* (July 1993); *Daedalus* (Winter 1990, Spring 1990, Fall 1990); *Studies in Comparative Communism* (September 1991); *Studies in Comparative International Development* (Spring 1990); *Government and Opposition* (Autumn 1992); *International Social Science Journal* (May 1991, May 1993, August 1991); *Journal of Conflict Resolution* (June 1992); *Journal of International Affairs* (Summer 1991); *Orbis* (Fall 1993); *Political Quarterly* (April–June 1993); *Political Studies* (1992 special issue); *Politics and Society* (December 1992); *Social Research* (Summer 1991); *World Development* (August 1993); and *World Politics* 44 (October 1991). Moreover, we have witnessed the birth of *Journal of Democracy* and *Democratization*, quarterlies devoted to the study of democracy and democratization.

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more as a product of strategic interactions and arrangements among political elites, conscious choices among various types of democratic constitutions, and electoral and party systems.[10]

The mainstream scholarship of the 1960s and 1970s, as seen in the works of Seymour Martin Lipset,[11] Gabriel Almond and Sidney Verba,[12] Barrington Moore, Jr.,[13] Robert Dahl,[14] Guillermo O'Donnell,[15] and scores of other distinguished scholars, was preoccupied with the search for the necessary conditions and prerequisites for the emergence of a stable democracy.[16] In marked contrast, the scholarship of the past decade has been concerned primarily with the dynamics of democratic transition and consolidation.[17]

This recent scholarship has tended to focus on the role that political leaders or strategic elites have played or should play. Samuel P. Huntington emphasizes that "democratic regimes that last have seldom, if ever, been instituted by mass popular action."[18] Juan Linz also argues that leadership is responsible for much of the success in consolidating new democracies.[19] "Their leaders must convince people of the value of newly gained freedoms, of security from arbitrary power, and of the possibility to change governments peacefully, and at the same time they must convey to them the impossibility of overcoming in the

[10] Terry Lynn Karl, "Dilemmas of Democratization in Latin America," *Comparative Politics* 23 (October 1990), 7; Mainwaring (fn. 8), 327; Weffort (fn. 6).

[11] Seymour Martin Lipset, "Some Social Requisites of Democracy," *American Political Science Review* 53 (March 1959).

[12] Gabriel Almond and Sidney Verba, *The Civic Culture* (Princeton: Princeton University Press, 1963).

[13] Barrington Moore, Jr., *Social Origins of Democracy and Dictatorship: Lord and Peasant in the Making of the Modern World* (Boston: Beacon Press, 1966).

[14] Robert A. Dahl, *Polyarchy: Participation and Opposition* (New Haven: Yale University Press, 1971).

[15] Guillermo O'Donnell, *Modernization and Bureaucratic Authoritarianism* (Berkeley: University of California Institute of International Studies, 1979).

[16] For a review of these works, see Larry Diamond, "Economic Development and Democracy Reconsidered," *American Behavioral Scientist* 35 (May–June 1992); Lipset (fn. 3); Abbas Pourgerami, "The Political Economy of Development: An Empirical Examination of the Wealth Theory of Democracy," *Journal of Theoretical Politics* 3 (April 1991); Rueschemyer, Stephens, and Stephens (fn. 3); Myron Weiner, "Empirical Democratic Theory," in Myron Weiner and Ergun Ozbudun, eds., *Competitive Elections in Developing Countries* (Washington, D.C.: American Enterprise Institute, 1987).

[17] Bruce Ackerman, *The Future of Liberal Revolution* (New Haven: Yale University Press, 1992); Nancy Bermeo, "Rethinking Regime Change," *Comparative Politics* 22 (April 1990); Giuseppe Di Palma, *To Craft Democracies* (Berkeley: University of California Press, 1990); Huntington (fn. 2); Mainwaring, O'Donnell, and Valenzuela (fn. 7); James Malloy and Mitchell A. Seligson, eds., *Authoritarians and Democrats: Regime Transition in Latin America* (Pittsburgh: University of Pittsburgh Press, 1987); Guillermo O'Donnell and Philippe C. Schmitter, *Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies* (Baltimore: Johns Hopkins University Press, 1986).

[18] Samuel P. Huntington, "Will More Countries Become Democratic?" *Political Science Quarterly* 99 (Spring 1984), 212.

[19] Juan Linz, "Transitions to Democracy," *Washington Monthly* 13 (Summer 1990).

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short-run the dismal legacy of some nondemocratic rulers and the accumulated mistakes that have led or contributed to their present crisis" (p. 162).

Methodologically, this new generation of scholarship, unlike its predecessor, does not treat democratization writ large. Instead of elaborating a general category of transitions from authoritarian rule, it tends to identify and compare distinctive patterns of transition across different countries. Based on these cross-national comparisons (rather than on case studies of individual nations), recent scholarship seeks to determine the relationships between strategic interactions and the type of democratic transition and between the pattern of transition and the type of democratic political system that emerges.[20]

In addition to such cross-sectional comparisons of transitional and consolidational processes in different countries, the current generation of scholars is deeply interested in comparing those processes across time in order to identify distinctive waves of democratization.[21] This mode of historical comparison is also used to assess the impact of democratization on regime performance, for example, whether democratic transition away from authoritarian rule strengthens or weakens a nation's capacity to respond to economic crisis.[22] Moreover, the same mode of comparison is employed in order to explore whether democratization does indeed contribute to the enhancement of citizen well-being, as the true believers generally assume.[23]

Theoretically, much of the recent research is predicated upon the assumption that "democratic politics is not merely a 'superstructure' that grows out of socio-economic and cultural bases; it has an independent life of its own."[24] As a result, it is not burdened by the unrelieved pessimism about democratic change that grew out of the earlier obsession with its necessary and sufficient conditions. Instead, it is endowed with

[20] Karl (fn. 10); Karl and Schmitter, "Modes of Transition in Latin America, Southern and Eastern Europe," *International Social Science Journal* 138 (May 1991).

[21] Huntington (fn. 2); Terry Lynn Karl and Philippe C. Schmitter, "Democratization around the Globe: The Opportunities and Risk," in Michael T. Klare and Dan Thomas, eds., *World Security: Trends and Challenges at Century's End* (New York: St. Martin's Press, 1993).

[22] Karen L. Remmer, "Democracy and Economic Crisis: The Latin American Experience," *World Politics* 42 (April 1990).

[23] Zehra F. Arat, *Democracy and Human Rights in Developing Countries* (Boulder, Colo.: Lynne Rienner, 1991); Bruce E. Moon, *The Political Economy of Basic Human Needs* (Ithaca, N.Y.: Cornell University Press, 1991); Doh Chull Shin, "Political Democracy and the Quality of Citizens' Lives: A Cross-National Study," *Journal of Developing Societies* 5 (January–April 1989); World Bank, "The Challenge of Development," in World Bank, *The World Development Report 1991* (Oxford: Oxford University Press, 1991), 134.

[24] Arend Lijphart, "The Southern European Examples of Democratization: Six Lessons for Latin America," *Government and Opposition* 25 (Winter 1990), 72. See also Mainwaring (fn. 8), 326.

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the sense of optimism about economic development planning that the economist Albert Hirschman expressed two decades ago. In short, democracy is no longer treated as a particularly rare and delicate plant that cannot be transplanted in alien soil; it is treated as a product that can be manufactured wherever there is democratic craftsmanship and the proper zeitgeist.[25]

Strategically, the recent study of democracy is distinguished from the earlier structural analyses that looked to sort out its causes and effects and to clarify the nature of their relationship. Whereas the earlier scholarship was predicated on the philosophy of positivism, recent scholarship is deeply rooted in the intellectual spirit of critical theory. Therefore, it is "committed to change and provides social agents with theoretical tools for understanding and altering conditions of oppression."[26] It may be powerfully shaped by the tradition of the policy sciences and thus aims to "provide advice for would-be democrats from an operational perspective.[27]

Conceptualization

The concept of democracy has been redefined in the process-oriented and action-oriented studies of the past decade. Philippe Schmitter and Terry Karl correctly point out that democracy is "the word that resonates in people's minds and springs from their lips as they struggle for freedom and a better way of life; it is the word whose meaning we must discern if it is to be of any use in guiding political analysis."[28] Understandably there is always the temptation to expect too much of this concept and to imagine that, by attaining democracy, a society will have resolved all of its political, social, administrative, and cultural problems.

According to Karl, approaches stipulating socioeconomic advances as defining criteria intrinsic to democracy are not only "hard-pressed to find 'actual' democratic regimes to study" but also "incapable of identifying significant, if incomplete, changes towards democratization

[25] Di Palma (fn. 17); idem, "Why Democracy Can Work in Eastern Europe?" *Journal of Democracy* (Winter 1991).

[26] Daniel H. Levine, "Paradigm Lost: Dependence to Democracy," *World Politics* 40 (April 1988), 393.

[27] Allison and Beschel (fn. 4), 85.

[28] Schmitter and Karl, "What Democracy Is . . . and Is Not?" *Journal of Democracy* 2 (Summer 1991), 73. See also Giovanni Sartori, *The Theory of Democracy Revisited* (Chatham, N.J.: Chatham House, 1987); and idem, "Rethinking Democracy: Bad Polity and Bad Politics," *International Social Science Journal* 128 (May 1991).

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in the political realm."[29] The same approaches, moreover, make it impossible to examine empirically "the hypothetical relationship between competitive political forms and progressive economic outcomes because this important issue is assumed away by the very definition of regime type."[30]

Much recent empirical research on democratization therefore favors a procedural or minimalist conception of democracy over a substantive or maximalist conception embracing economic equality and social justice.[31] Moreover, in recent years the procedural conception has gained more acceptance even among mass publics.[32]

Liberalization and Democratization

In their study of recent democratic changes, scholars have drawn a crucial distinction between liberalization and democratization, the two types of political changes that frequently occurred in the Second and Third Worlds.[33] Whereas the former encompasses the more modest goal of merely loosening restrictions and expanding individual and group rights within an authoritarian regime, the latter goes beyond expanded civil and political rights. As a movement toward establishing a popular political regime, democratization involves holding free elections on a regular basis and determining who governs on the basis of these results.

In the memorable words of Aleksandr Gelman, an enthusiastic supporter of Gorbachev:

> Democratization provides for the redistribution of power, rights and freedoms, the creation of a number of independent structures of management and information. And liberalization is the conservation of all the foundations of the administrative systems but in a milder form. Liberalization is an unclenched fist, but the hand is the same and at any moment it could be clenched again

[29] Karl (fn. 10), 2.

[30] Ibid. See also Samuel P. Huntington, "The Modest Meaning of Democracy," in Robert A. Pastor, ed., *Democracy in the Americas* (New York: Holmes and Meier, 1989), 13–16.

[31] Robert A. Dahl, *Democracy and Its Critics* (New Haven: Yale University Press, 1989), chap. 15; Larry Diamond, Juan Linz, and Seymour Martin Lipset, eds., *Politics in Developing Countries: Comparing Experiences with Democracy* (Boulder, Colo.: Lynne Rienner, 1990); Higley and Gunther (fn. 7), 2; Huntington (fn. 2), 5; Stephanie Lawson, "Conceptual Issues in the Comparative Study of Regime Change and Democratization," *Comparative Politics* 25 (January 1993), 88–92; Mainwaring (fn. 8); Guillermo O'Donnell, "Challenges to Democratization in Brazil," *World Policy Journal* 5 (Spring 1988).

[32] Di Palma (fn. 17); Schmitter and Karl (fn. 28).

[33] Samuel P. Huntington, "Democratic Development in the Post-Cold War" (Keynote speech at the International Political Science Association Roundtable, Kyoto, March 26, 1994); Mainwaring (fn. 8); O'Donnell and Schmitter (fn. 17).

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into a fist. Only outwardly is liberalization sometimes reminiscent of democratization, but in actual fact it is a fundamental and intolerable usurpation.[34]

Democratization, unlike liberalization, is a complex historical process, consisting of several analytically distinct but empirically overlapping stages. In the logic of causal sequence, they may run from the decay and disintegration of an old authoritarian regime and the emergence of a new democratic system, through the consolidation of that democratic regime, to its maturity. In reality, however, the process of democratization has often failed to proceed sequentially from the first to the last stage. As Larry Diamond correctly observes, some democracies abort as soon as they emerge, while others erode as much as they consolidate.[35] For this reason, democratization is no longer considered a linear process, as it had been in prior research based on theories of modernization. Nor is it considered a rational process.[36]

There are four stages of democratization: (1) decay of authoritarian rule, (2) transition, (3) consolidation, and (4) the maturing of democratic political order. The second and third have received the most attention from the scholarly community.[37] They have also been the subject of intensive debate among governmental and nongovernmental officials in charge of development aid. Of these two stages of democratization, more is known about the second stage than about the third stage, a discrepancy easily understood since most new democracies have yet to advance beyond the stage of transition away from authoritarian rule.

Democratic Transition

By nature, the transition stage of democratization is regarded as a period of great political uncertainty, one especially fraught with the risk of reversion. "It is subject to unforeseen contingencies, unfolding processes and unintended outcomes."[38] Adam Przeworski draws a parallel with the pinball machine, saying that "once the ball has been sent spinning up to the top, it may come inexorably spinning down again."[39] This stage is also generally regarded as a hybrid regime: insti-

[34] Quoted in Zbigniew Brzezinski, *The Grand Failure: The Birth and Death of Communism in the Twentieth Century* (New York: Charles Scribner's Sons, 1989), 45–46.

[35] Diamond, "The Globalization of Democracy: Trends, Types, Causes, and Prospects," in Robert Slater et al., *Global Transformation and the Third World* (Boulder, Colo.: Lynne Rienner, 1992).

[36] O'Donnell and Schmitter (fn. 17).

[37] Huntington (fn. 33).

[38] Karl and Schmitter (fn. 20), 270.

[39] Quoted in Guy Hermet, "Introduction: The Age of Democracy?" *International Social Science Journal* 128 (May 1991), 255.

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tutions of the old regime coexist with those of the new regime and authoritarians and democrats often share power, whether through conflict or by agreement.[40] As compared with the other stages of democratization, therefore, it assumes more varied forms.

Democratic Consolidation

The transition stage features the drafting of methods or rules for resolving political conflicts peacefully. It is considered to have ended when a new democracy has promulgated a new constitution and held free elections for political leaders with little barrier to mass participation. However, such a successful transition to procedural democracy does not guarantee stability and survival. Military coups and other violent events often terminate those democratic regimes. For this reason, the establishment of substantial consensus among elites concerning the rules of the democratic political game and the worth of democratic institutions is at the heart of democratic consolidation. For the same reason, Lawrence Whitehead argues that democratic consolidation involves an increasingly "principled" rather than "instrumental" commitment to the democratic rules of the game.[41]

The concept of democratic consolidation is often equated with that of stability or institutionalization. It should be noted, however, that the mere retention of a democratic regime does not necessarily consolidate it.[42] Consolidation and stability are not the same phenomenon, although the latter is an attribute of the former. While the latter exists only with the duration or persistence of a democratic regime, the former refers to significant changes in the quality of its performance. As vividly demonstrated in Argentina and Botswana, democratic regimes can persist indefinitely "by acting in *ad hoc* and *ad hominem* ways in response to successive problems."[43] They can also persist by refusing to challenge the nondemocratic sources of power or by excluding minorities or other segments of their populations from the political process.[44] In short, consolidated democracy represents far more than the passage of time.

What exactly does consolidate a democratic regime? What signals the end of the period of democratic transition and the beginning of the stage of consolidation? John Higley and Richard Gunther hold that

[40] Ibid.; O'Donnell (fn. 31), 283; Weffort (fn. 6).

[41] Whitehead, "The Consolidation of Fragile Democracies," in Pastor (fn. 30).

[42] Samuel J. Valenzuela, "Democratic Consolidation in Post-Transitional Settings: Notion, Process, and Facilitating Conditions," in Mainwaring, O'Donnell, and Valenzuela (fn. 7), 59. See also Higley and Gunther (fn. 7), 7.

[43] Karl and Schmitter (fn. 21), 23.

[44] Hermet (fn. 40), 256.

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democracies become consolidated only when elite consensus on procedures is coupled with extensive mass participation in elections and other institutional processes.[45] According to Juan Linz, a consolidated democracy is "one in which none of the major political actors, parties, or organized interests, forces, or institutions consider that there is any alternative to the democratic process to gain power, and that no political institutions or groups has a claim to veto the action of democratically elected decision makers."[46] In other words, democracy is consolidated when "a society frees itself from the spells cast by authoritarian demagogues and rejects all alternatives to such democracy so as to no longer imagine any other possible regime."[47]

Strategically, democratic consolidation cannot be achieved without abandoning the formal and informal institutions, procedures, and arrangements that constrain the performance of a newly democratic regime. In addition, consolidation cannot be achieved without converting "expedient" or "superfluous" democrats among both elites and masses into "authentic" believers in democracy. Their firm commitment to democracy "helps make possible the creation of effective democratic institutions" and also "generates a legitimacy that can help new democracies withstand less-than-excellent policy performances."[48]

According to Samuel Valenzuela, consolidation is complete "when the authority of fairly elected government and legislative officials is properly established (i.e., not limited) and when major political actors as well as the public at large expect the democratic regime to last well into the foreseeable future."[49] For this reason, O'Donnell argues, the process of reaching democratic consolidation often requires abandoning or altering the very agreements and arrangements that facilitated the completion of the transition phase but that impede the further expansion of democratic opportunities.[50] This is also the reason why both Diamond and Putnam argue that the evolution of a democratic political culture is a key factor in the consolidation of democracy,[51] and

[45] Higley and Gunther (fn. 7).
[46] Linz (fn. 19), 158.
[47] Hermet (fn. 40), 257.
[48] Mainwaring (fn. 8), 309.
[49] Valenzuela (fn. 42), 70.
[50] Guillermo O'Donnell, "Transitions, Continuities, and Paradoxes," in Mainwaring, O'Donnell, and Valenzuela (fn. 7).
[51] Larry Diamond, "Introduction to Political Culture and Democracy in Developing Countries" (Manuscript, 1992); Robert D. Putnam, *Making Democracy Work: Civic Traditions in Italy* (Princeton: Princeton University Press, 1993); see also Aaron Wildavsky, "Democracy as a Coalition of Cultures," *Society* 31 (December 1993). See also Dalton (fn. 5); Inglehart (fn. 5); and Doh Chull Shin, Myung Chey, and Kwang Woong Kim, "Cultural Origins of Public Support for Democracy in Korea: An Empirical Test of the Douglas-Wildavsky Theory of Culture," *Comparative Political Studies* 22 (July 1989).

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why the consolidation phase usually takes decades or even generations in order to complete its course.

Measurement

More than ever before, policymakers and scholars see the need for better measures of democracy that can accurately monitor the global trend of democratization and assess and reflect its meaning in the process of policy-making. For instance, the U.S. Agency for International Development has recently organized a series of conferences to explore such measures as part of its Democratic Pluralism Initiative;[52] and the United Nations Development Program (UNDP) has begun to investigate ways of measuring political freedoms and electoral rights.[53] By contrast, such scholars as Kenneth Bollen, Peter McDonough, Samuel Barnes, Antonio Lopez Pina, and Frederick Weil have been assessing the limitations of existing measures and exploring alternative approaches.[54]

Early Efforts to Measure Democracy

Efforts to measure democracy can be grouped into two categories: subjective and objective. James Bryce[55] and Russell Fitzgibbon[56] began the tradition of measuring democracy on the basis of expert ratings.[57] Unlike this perception-based approach, the objective approach relies upon observable facts concerning the various dimensions of democ-

[52] United States Agency for International Development (fn. 4); idem, "Democracy and Governance" (Manuscript, 1991).

[53] Paul Redfern, "Methodology Employed in Construction of PFI" (Manuscript prepared for United Nations Development Program, 1990); United Nations Development Program (fn. 4).

[54] Bollen, "Political Rights and Political Liberties in Nations: An Evaluation of Human Rights Measures, 1950 to 1984," *Human Rights Quarterly* 8 (November 1986); idem, "Political Democracy: Conceptual and Measurement Traps," *Studies in Comparative International Development* 25 (Spring 1990); idem, "Liberal Democracy: Validity and Method Factors in Cross-National Measures," *American Journal of Political Science* 37 (November 1993); McDonough, Barnes, and Lopez Pina, "The Growth of Democratic Legitimacy in Spain," *American Political Science Review* 80 (September 1986); Weil, "The Sources and Structure of Legitimation in Western Democracies," *American Sociological Review* 54 (October 1989); Hadenius, *Democracy and Development* (New York: Cambridge University Press, 1992).

[55] Bryce, *Modern Democracies* (New York: MacMillan, 1921).

[56] Fitzgibbon, "Measurement of Latin-American Political Phenomena: A Statistical Experiment," *American Political Science Review* 45 (March 1951).

[57] Arthur Banks, *Cross-National Time-Series Data Archive* (Binghamton: State University of New York, 1979); Arthur Banks and Raymond Textor, *A Cross-Polity Survey* (Cambridge: MIT Press, 1963); Michael Coppedge and Wolfgang H. Reinicke, "Measuring Polyarchy," *Studies in Comparative International Development* 25 (Spring 1990); Raymond Gastil, ed., *Freedom in the World: Political Rights and Civil Liberties* (New York: Freedom House, 1988); Lipset (fn. 11); Leonard R. Sussman, "Freedom of the Press: A Personal Account of the Continuing Struggle," in Raymond D. Gastil, ed., *Freedom in the World, 1981* (Westport, Conn.: Greenwood Press, 1982).

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racy, including those of participation and competition.[58] There are numerous reviews and critiques of these two approaches and individual measures.[59]

Each approach has both strengths and weaknesses, as Bollen's assessment reveals.[60] Objective measures of democracy are easily replicated by other investigators and often have finer gradations, as evidenced in the rates of voter turnout and interparty competition, which usually vary from a low of 0 to a high of 100 percent. These rates are not highly reliable, however, mainly because they are subject to manipulation or misinterpretation by government agencies. In addition, objective measures such as voter turnout do not correspond closely to the genuine meaning of mass participation and competition in the political process. Consequently, they neither provide an accurate measure of democracy at a particular moment, nor monitor changes in democracy over a period of time of great change in the legal procedures defining candidacy and voting rights and in the permitted practices of campaigning, polling, and tabulating ballots.

The subjective approach also has strengths and weaknesses. These measures can be made to correspond more closely to the meaning of democracy, because they usually take into account freedom, fairness, and other essential characteristics of democracy that objective measures cannot detect. Political repression, for example, affects the amount and quality of mass participation to a great extent. As Václav Havel, the last Czechoslovak president, once observed, however, it is mostly "spiritual rather than physical."[61] This important dimension of political participation, therefore, cannot be measured by objective indicators; it can be recorded only by subjective indicators measuring repressive experiences. Nonetheless, such subjective measures, though based on expert judgment, are often the occasions of systematic error.

To determine the sources of such error, the sociologist Kenneth Bollen recently examined the eight subjective indicators from Arthur Banks's *Cross-National Time Series Data Archive*, Raymond Gastil's

[58] Phillips Cutright, "National Political Development," *American Sociological Review* 28 (April 1963); Dahl (fn. 14); Daniel Lerner, *The Passing of Traditional Society* (Glencoe, Ill.: Free Press, 1958); Shin (fn. 23); Tatu Vahanen, *The Process of Democracy* (New York: Crane Russak, 1990).

[59] Russel Barsh, "Democratization and Development," *Human Rights Quarterly* 14 (February 1992); Bollen (fn. 54, 1986, 1993); Alex Inkeles, ed., *On Measuring Democracy: Its Consequences and Concomitants* (New Brunswick, N.J.: Transaction Publisher, 1991); J. D. May, "Of the Conditions and Measures of Democracy" (Morristown, N.J.: General Learning, 1973); Kenneth Bollen and Robert Jackman, "Political Democracy, Stability and Dichotomies," *American Sociological Review* 54 (August 1989); Vahanen (fn. 58).

[60] Bollen (fn. 54, 1993).

[61] Quoted in Brzezinski (fn. 34), 111.

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Survey of Freedom, and Leonard Sussman's *Freedom of the Media Survey*. He identifies three major sources of systematic measurement error in their subjective indicators: (1) the political and other characteristics of the judges; (2) the quantity and quality of information available to the judges; and (3) the characteristics of the method of constructing the ratings or scales. These three factors account for as much as 7 percent or more of variations in seven out of the eight indicators examined. Bollen also experimented with these same eight subjective indicators to explore alternative ways of minimizing systematic error while maximizing the validity of democracy. Results of his experiment show that "the equally weighted sum of three indicators is a reasonable alternative that maximizes validity and minimizes systematic and random error."[62] These indicators are (1) Banks's measure of political opposition; (2) Banks's measure of legislative effectiveness; and (3) Gastil's measure of political rights.

Careful scrutiny reveals these and other widely used measures of democracy to be extremely limited tools for broadening knowledge about democratic change. All of these measures, whether subjective or objective, are designed to indicate the extent of democracy in a country at a given time. With these scores, one can only estimate the extent to which democracy has advanced or regressed in that country over a very long period of time, or compare the country with others similarly scored.

Undoubtedly, existing measures merely indicate quantitative variation in "democraticness." Moreover, they are concerned solely with either the input or the output side of the democratic political equation. As a result, nothing can be inferred directly from their scores about either the process of democratic politics in different democracies or the dynamics of democratic transitions and consolidations currently unfolding in many regions of the world. In short, existing measures of democracy are not of much use, especially to the process- and action-oriented study of democratization.

Recent Efforts to Measure Democracy

To examine qualitative differences in democratic performance, a number of political scientists have recently proposed typologies of democracies. Arend Lijphart, for example, has identified as many as nine different types of democratic political systems on the basis of two

[62] Bollen (fn. 54, 1993), quote at 1226.

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dimensions of majoritarian-consensus democracy.[63] Terry Karl has identified three types of democracy—conservative, corporatist, and competitive—on the basis of whether a nation's party system is restrictive, collusive, or competitive.[64] And John Freeman, by contrast, has identified only two types, pluralist and corporatist.[65] These classifications, however, are all intended to differentiate consolidated democracies.

An equal number of typologies have been proposed for examining qualitative differences in democratic transitions. Alfred Stepan has arrived at at least ten alternative paths from nondemocratic regimes to democracy by looking at the role of external and domestic factors and authoritarians and democrats in the process of democratic transition.[66] Donald Share has proposed four types of democratic transitions based on the criteria of leadership and duration.[67] Karl has also proposed four types of transitions according to their strategy and leadership.[68] Huntington has identified three types on the basis of the single question of who took the lead in bringing about democracy.[69] Whereas Karl has used her typology to explore consequences of democratic transitions for consolidation,[70] Huntington has used his to explore the relationship between type of transition and type of authoritarian rule.[71]

Efforts to Measure Democratic Consolidation

Fewer systematic efforts, whether qualitative or quantitative, have been made to measure democratic consolidation. Huntington, for example, has proposed a "two-turnover test,"[72] by which a democracy "may be viewed as consolidated if the party or group that takes power in the initial election at the time of transition loses a subsequent election and turns over power to those election winners, and if those election winners then peacefully turn over power to the winners of a later election" (p. 267).

[63] Lijphart, *Democracies: Patterns of Majoritarian and Consensus Government in Twenty-one Countries* (New Haven: Yale University Press, 1984); idem, "Democratic Political Systems," *Journal of Theoretical Politics* 1 (January 1989).

[64] Karl (fn. 10).

[65] Freeman, *Democracy and Markets* (Ithaca, N.Y.: Cornell University Press, 1989).

[66] Stepan, "Paths toward Redemocratization: Theoretical and Comparative Considerations," in Guillermo O'Donnell, Philippe Schmitter, and Lawrence Whitehead, eds., *Transitions from Authoritarian Rule: Comparative Perspective* (Baltimore: Johns Hopkins University Press, 1986).

[67] Share, "Transitions to Democracy and Transitions through Transaction," *Comparative Political Studies* 19 (January 1987).

[68] Karl (fn. 10).

[69] Huntington (fn. 2).

[70] Karl (fn. 10), 12–17.

[71] Huntington (fn. 2), chap. 3.

[72] Ibid., 266.

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Michael Burton, Richard Gunther, and John Higley have formulated a more elaborate measurement scheme. By focusing on the process by which elites transform themselves from disunity to consensual unity, they identify two distinctive modes of consolidation. One mode is through "elite settlements, in which previously disunified and warring elites suddenly and deliberately reorganize their relations by negotiating compromises on their most basic disagreements, thereby achieving consensual unity and laying the basis for a stable democratic regime." The other mode of consolidation is "through elite convergence," a process that involves "a series of deliberate, tactical decisions by rival elites that have the cumulative effects, over perhaps a generation, of creating elite consensual unity, thereby laying the basis for consolidated democracy."[73] These behavioral and attitudinal tests of democratic consolidation consider the extent of electoral support for a democratic constitution and public support for an antisystem party.

A more appropriate subjective measurement of democratic consolidation is used in a series of national sample surveys conducted in Spain to monitor the growth of its democratic legitimacy. McDonough, Barnes, and Lopez Pina revised the unidimensional and static notion of democratic legitimacy by focusing on public commitment to the fundamental values and procedural norms of democratic politics.[74] By examining the historical, instrumental, and symbolic domains of democratic legitimacy, they have portrayed a comprehensive and balanced picture of how democratic consolidation has evolved in the minds of ordinary Spaniards.

Causes

The current wave of transitions away from authoritarian rule began in 1974 when the Portuguese dictatorship was forced out of power by the military. The third wave reached its zenith in 1989, when the communist dictatorships in Eastern and Central Europe disintegrated and began to move toward democracy. As compared with the first and second waves, this last wave has been the greatest in terms of the number of states as well as people involved. It has also been revolutionary in its swift transformation of Confucianism, communism, Islam, and all other forms of authoritarianism. Moreover, the current wave is truly

[73] Burton, Gunther, and Higley, "Introduction: Elite Transactions and Democratic Regimes," in Higley and Gunther (fn. 7), quotes at 8.

[74] McDonough, Barnes, and Lopez Pina (fn. 54).

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global, having reached every corner of the earth. In short, the third wave fully merits the appellation "the global democratic revolution."[75]

During the past decade scores of scholars have pondered the questions of what has propelled this wave of democratization and how these forces compare with those that propelled the previous waves. In searching for answers, the scholars—including Larry Diamond, Juan Linz, Seymour Martin Lipset, Guillermo O'Donnell, Philippe C. Schmitter, Lawrence Whitehead, Dietrich Rueschemeyer, Evelyne Stephens, and John Stephens—have eschewed the concept of necessary or sufficient conditions so frequently used in earlier empirical research on democratic development. Instead, they have all opted to use the concept of facilitating and obstructing factors or conditions. In his study of 132 countries, for example, Hadenius lists such factors under three headings.[76] Others, like Huntington, have argued for a shift in their research focus from causes to causers of democratization.[77] This shift in research focus was prompted by the emergence or reemergence of democratic regimes in so many countries that had once been diagnosed as lacking the necessary or sufficient conditions for democracy.

The literature on the third wave offers a number of general propositions about factors facilitating and obstructing democratization.[78] The following are the most notable:

1. There are few preconditions for the emergence of democracy.
2. No single factor is sufficient or necessary to the emergence of democracy.
3. The emergence of democracy in a country is the result of a combination of causes.
4. The causes responsible for the emergence of democracy are not the same as those promoting its consolidation.
5. The combination of causes promoting democratic transition and consolidation varies from country to country.
6. The combination of causes generally responsible for one wave of democratization differs from those responsible for other waves.

The same literature also identifies two sets of facilitating factors as the most probable causes of the current wave. The first set concerns political and other changes within a country, whereas the second set deals with developments in neighboring or other foreign countries. The most prominent domestic factor is the steady decline in the legit-

[75] Huntington (fn. 33).
[76] Hadenius (fn. 54).
[77] Huntington (fn. 2), 106.
[78] Diamond (fn. 16; fn. 35); Huntington (fn. 2); O'Donnell and Schmitter (fn. 17); Karl and Schmitter (fn. 21).

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imacy of authoritarian rule. As demonstrated in Eastern Europe and Latin America, many authoritarian regimes lost legitimacy simply because they failed to solve the economic and other problems that had allowed them to take power in the first place. Other authoritarian regimes, such as those in Chile, South Korea, Spain, and Taiwan, lost their legitimacy as economic success caused a fundamental shift in values from materialism to postmaterialism. Unable to meet new demands for political freedom and participation, these regimes could no longer justify their existence.

The strengthening of civil society is the second domestic factor that has helped to remove authoritarians from office.[79] At the societal level, economic development, industrialization, and urbanization have worked together to create and strengthen interest organizations and voluntary associations. Many of these organizations and associations, which Tocqueville considered the building blocks of democracy, became alternative sources of information and communications. They directly challenged authoritarian regimes by pursuing interests that conflicted with those of the regime and eroded the capacity of authoritarian rulers to dominate and control their societies.

At the individual level, increasing education and expanding income have exposed the masses to the virtues of democratic civilization. Those changes have also provided ordinary citizens with the knowledge, skills, and spiritual incentives to pursue democratic reforms. In short, the proliferation of autonomous associations and steady increases in the cognitive mobilization of the masses have seriously undermined the foundations of authoritarian rule.

In addition to these domestic developments, democratic pressures from other countries and assistance from international organizations have weakened the physical basis of authoritarian rule by cutting off economic and military aid. The pressures have also weakened its moral basis by encouraging people to realize that "democratization is the necessary ticket for membership in the club of advanced nations."[80] U.S. diplomatic and economic pressure has been critical to the democratization of a number of countries, including Bolivia, Chile, El Salvador, Honduras, Kenya, Korea, Nigeria, and the Philippines. The National Endowment for Democracy in the United States, the Westminster

[79] Diamond (fn. 16); Ekiert (fn. 3); Alex Inkeles, "Transitions to Democracy," *Society* 29 (May–June 1991); Karl (fn. 10); Putnam (fn. 51).

[80] Sung Joo Han, "South Korea: Politics in Transition," in Diamond, Linz, and Lipset (fn. 31), 341.

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Foundation for Democracy in Britain, the Konrad Adenauer Foundation, the Friedrich Ebert Foundation, the Friedrich Naumann Foundation, and the Hans Seidel Foundation in Germany, in addition to nongovernmental organizations in other industrialized democracies, have also encouraged democratic reforms with material and moral support for the expansion of autonomous organizations and the news media.[81] In addition, international government organizations, such as the European Community, the Organization of American States, and the World Bank, have offered their direct support.[82]

Yet another international force has contributed a great deal to the collapse of authoritarian rule (the first phase of democratization). This is international "snowballing," or the effects of diffusion.[83] As vividly demonstrated in Eastern Europe and Latin America, earlier transitions to democracy have served as models for later transitions in other countries within the same region.

In propelling the current wave of democratization, domestic and international factors have been closely connected, with the particular mix of these two factors varying from country to country. In Eastern Europe, for example, international factors played the more influential role. By contrast, in the majority of democratic transitions in Latin America, domestic factors played the more powerful role. Despite such differences, it is this confluence of domestic and international factors that distinguishes the current wave from the previous ones. In those earlier waves of democratization, it was, as Huntington indicates,[84] either domestic or international factors that played the key role in the overthrow of authoritarian regimes—not some mix of the two.

As in the previous waves, strategic elites have been a key factor in bringing about a majority of democratic transitions in the current wave. Especially in the transitions since the early 1980s elites have played a far more significant role than has the mass public. For this reason, the literature does not consider the commitment of the mass public to democracy an absolute requirement for democratic transition. Indeed, it suggests that democracy can be created even when a

[81] Diamond (fn. 35), 39; Michael Pinto-Duschinsky, "Foreign Political Aid: The German Political Foundations and the U.S. Counterparts," *International Affairs* 67 (January 1991), 61.

[82] Robert A. Pastor, "How to Reinforce Democracy in the Americas: Seven Proposals," in Pastor (fn. 30); Lowenthal (fn. 4).

[83] Huntington (fn. 2); Robert A. Scalapino, "Democratizing Dragons: South Korea and Taiwan," *Journal of Democracy* 4 (July 1993); Harvey Starr, "Democratic Dominoes: Diffusion Approaches to the Spread of Democracy in the International System," *Journal of Conflict Resolution* 35 (June 1991).

[84] Huntington (fn. 51), 35.

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majority of the citizenry does not demand it.[85] And in fact, in many new democracies in the current wave, the lack of a widespread commitment among mass publics to democratic values and norms such as freedom, tolerance, and accommodation has been an obstruction. As Larry Diamond's comparative study of political cultures in newly democratizing countries shows,[86] "democracy becomes truly stable only when people come to value it widely not solely for its economic and social performance but intrinsically for its political attributes." It is only in the consolidation of new democracies that the mass public plays a key role. As in the past waves, it appears that democracy can still be created without the demand of masses, yet cannot be consolidated without their commitment. It seems then that the role of the mass public in the process of democratization has changed little since the first wave of democratization in the nineteenth century.

Consequences

Some of the consequences of democratization seem obvious—that citizens of democracies can enjoy more personal freedom than do those of nondemocracies. Nor is it difficult to understand that the former are more likely than the latter to resolve their disputes through the peaceful means of mediation and adjudication.[87] There is therefore a general expectation among aspiring democrats that democratization will bring about greater freedom and less violence. Not so obvious, however, is how a shift away from authoritarian rule to democracy would affect the government's capacity to deal with pressing economic problems in the short run, or how the same shift to democracy would affect the physical quality of ordinary citizens' lives in the long run.

Economic Consequences of Democratization

How able are democracies, as compared with other types of regimes, to address economic crises with appropriate strategies? Since it is dependent primarily upon popular consent, democracy is often portrayed in the theoretical literature as less able to resist public demands for im-

[85] Dankwart Rustow, "Transitions to Democracy: Toward a Dynamic Model," *Comparative Politics* 2 (April 1970); Phillippe C. Schmitter, "Public Opinion and the 'Quality' of Democracy in Portugal" (Paper presented at the Coloquio sobre "Sociedade, Valores Culturais e Desenvolvimento," Foundaco Luso–Americana para o Desenvolvimento, Lisbon, May 23–24, 1991).

[86] Diamond (fn. 51), 35.

[87] Georg Sorensen, *Democracy and Democratization* (Boulder, Colo.: Westview Press, 1993), chap. 4.

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mediate consumption. Moreover, it is viewed as less capable of extracting scarce resources and accumulating capital for future economic development. Many have concluded therefore that in the short run democratization would reduce the capacity of government to manage economic crises with "the harsh medicine required by those conditions." And in the long term democratic transition is assumed to discourage rather than encourage economic development.[88]

In fact, recent research on economic crises in Latin America has not borne out such negative views about the economic consequences of democratization.[89] Karen Remmer's study of ten South American countries and Mexico shows that democratization has not reduced the governmental capacity to manage debt crises. Specifically, new democracies outperformed their authoritarian counterparts "in promoting growth, containing the growth of fiscal deficits, and limiting the growth of the debt burden."[90] Remmer's more recent work on democratic elections in eight Latin American countries also suggests that democracy "may enhance rather than undermine the ability of government to respond appropriately to macroeconomic challenges."[91]

In this connection, the *New York Times* reports a research finding confirming that democratization does increase the governmental capacity to manage economic crises.[92] The economist Amartya Sen was quoted in the *Times* article as saying that "there has never been a famine in any country that's been a democracy with a relatively free press. I know of no exception. It applies to very poor countries with democratic systems as well as rich ones." According to Sen, democracies have always been successful in preventing famine because it is "a more effective guarantee of timely action."[93] It is clear from his study that democratization, if managed well, would not cause the declines in the national economy that are so widely feared as undercutting prospects for democratic consolidation.

[88] Mancur Olson, *The Rise and Decline of Nations* (New Haven: Yale University Press, 1982); Edward Tufte, *Political Control of the Economy* (Princeton: Princeton University Press, 1978).

[89] For a review of this literature, see Stephen Haggard, *Pathways from the Periphery* (Ithaca, N.Y.: Cornell University Press, 1990); Inkeles (fn. 59); Atul Kohli, "Democracy and Development," in John P. Lewis, ed., *Development Strategies Reconsidered* (Washington, D.C.: Overseas Development Council, 1986); Sorensen (fn. 87).

[90] Remmer (fn. 22), quote at 327.

[91] Karen Remmer, "The Political Economy of Elections in Latin America, 1980–1991," *American Political Science Review* 87 (June 1993), 405.

[92] Sylvia Nasar, "Political Causes of Famine: It's Never Fair to Just Blame the Weather," *New York Times*, January 17, 1993, pp. 1, 5.

[93] Sen, "The Economics of Life and Death," *Scientific American* 268 (May 1993), 44.

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Effects of Democratization on Quality of Life

On the question of how democratization would affect the quality of citizens' lives, political theorists over the past two centuries have offered two mutually opposing answers. Jean-Jacques Rousseau, John Stuart Mill, G. D. H. Cole, and Carole Pateman have argued that democratic politics is essential to the promotion of citizen well-being. Their thinking rests on the premise that the mechanism of competitive and periodic elections in democratic states motivates political leaders to be responsive to the preferences of the majority rather than to a small proportion of the citizenry. For Marxists, however, competitive and periodic elections have little to do with citizen well-being because well-being is determined by the mode of production. Only with the elimination of private ownership, it is argued, are citizens able to govern in their own interest by producing goods and services that meet their genuine needs.

These two mutually opposing models for improving the physical quality of citizens' lives were recently tested against historical data on infant mortality, life expectancy, and literacy collected from 115 countries.[94] Contrary to the Marxist model, citizens in capitalist countries experience a significantly better physical quality of life than those in socialist countries. In capitalist societies, moreover, citizens of democratic states experience a far better quality of life than those of nondemocracies. Even in democracies, citizens of consistently democratic states were found to be 30 percent better-off than those of inconsistently democratic states. Even after statistically controlling for differences in their economic wealth, consistently democratic states were able to meet the basic needs of the common people as much as 70 percent more than consistently nondemocratic states. (See Figure 1.) These findings and those of other studies make it clear that democratization improves the quality of citizens' lives.[95]

On the basis of the evidence reported above, it is reasonable to assert in the affirmative that democratization promotes economic development and also contributes to the enhancement of citizen welfare. Nonetheless, aspiring democrats should note that the transition to democracy from authoritarian rule does not guarantee a nation of eco-

[94] Shin (fn. 23).

[95] Moon (fn. 23); Doh Chull Shin, "Democratization and the Changing Quality of Korean Life" (Paper presented at the International Political Science Association Roundtable, Kyoto, March 24–26, 1994); Frank W. Young, "Some Authoritarian Governments Foster Physical Quality of Life?" *Social Indicators Research* 22 (June 1990).

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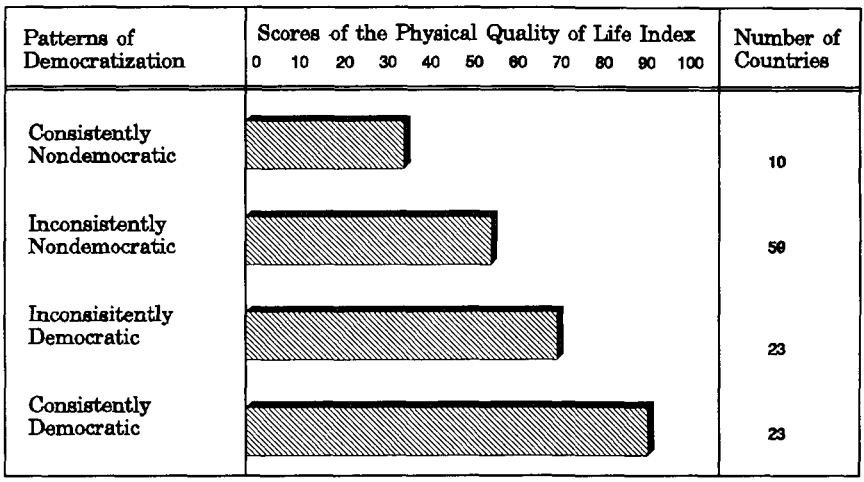

FIGURE 1
PATTERNS OF DEMOCRATIZATION AND THE PHYSICAL QUALITY OF LIFE
SOURCE: Shin (fn. 23).

nomic miracles and physical well-being; it merely creates more opportunities and better possibilities than before to become such a nation. Those opportunities and possibilities will make a real difference only when the mass public participates actively in the process of democratization, pushing for reforms from below. "The elite-dominated frozen democracies seem to hold out few promises for a process of economic development that would benefit the large groups of poor people."[96]

DESIGNING DEMOCRATIC CONSTITUTIONS

In the quest for the mix of democratic institutions and rules that offers the "best" prospect for democratic consolidation, the foremost task is drafting a new constitution. Constitution designers, however, usually face the complex problem of having to choose one type of democratic constitution from among many possibilities.

The debate over the preferred type of democratic constitution has centered on two basic sets of choices concerning the form of central government and the method of election. Rarely has it dealt with other institutional choices surrounding the composition of the judiciary, leg-

[96] Sorensen (fn. 87).

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islative branches, and local government.[97] Oftentimes the debate has also focused on one basic set of institutional choices to the exclusion of the other set. For example, the choice between parliamentary and presidential governments has frequently been suggested without adequate consideration of the choice between the methods of plurality election and proportional representation. Moreover, in debating each basic set of choices, hybrid forms of institutions have not been given adequate consideration. Thus, the two original and polar forms of central government and electoral method are often compared, whereas their hybrids, such as the premier-presidential form and majority elections, are often overlooked.[98]

To determine the relative merits of the two forms of governmental institution, some constitutional designers have made a systematic comparison on the basis of those forms, of the performance records of older democracies, mostly in Western Europe and North America.[99] Others, however, have examined the experiences of new democracies in Asia, Africa, and Latin America according to their regime types.[100] Still others have sought to link the well-known, logical, and factual consequences of each regime type to the specific problems facing democratizing countries.[101] For most, the preferred alternatives are parliamentary democracy over presidential democracy and proportional representation over plurality election. Based on his comparative analysis of the performance of fourteen advanced industrial democracies, Arend Lijphart concludes that "the parliamentary-proportional repre-

[97] Andre Blais, "The Debate over Electoral Systems," *International Political Science Review* 12 (July 1991); Michael Gallagher, "Comparing Proportional Representation Electoral Systems," *British Journal of Political Science* 22 (October 1992); Guy Lardeyret, "The Problem with PR," *Journal of Democracy* 2 (Summer 1991); Alfred Stepan and Cindy Skach, "Constitutional Frameworks and Democratic Consolidation: Parliamentarianism versus Presidentialism," *World Politics* 46 (October 1993).

[98] Donald Horowitz, "Comparing Democratic Systems," *Journal of Democracy* 1 (Fall 1990), 79; Scott Mainwaring, "Presidentialism, Multipartism, and Democracy: The Difficult Combination" (Paper presented at the annual meeting of the Midwest Political Science Association, Chicago, April 1990), 28; Matthew Soberg Shugart and John M. Carey, *Presidents and Assemblies* (New York: Cambridge University Press, 1992), 2.

[99] Lijphart (fn. 7); idem, "Double-Checking the Evidence," *Journal of Democracy* 2 (Summer 1991); idem, "The Varieties of Parliamentarism: But Which Kind of Parliamentarism?" in H. E. Chehaki and Alfred Stepan, eds., *Politics, Society and Democracy: Comparative Inquiries* (Boulder, Colo.: Westview Press, 1993); Seymour Martin Lipset, "The Centrality of Culture," *Journal of Democracy* 1 (Fall 1990); Shugart and Carey (fn. 98); G. Bingham Powell, Jr., *Contemporary Democracies: Participation, Stability and Violence* (Cambridge: Harvard University Press, 1982).

[100] Juan Linz, "The Perils of Presidentialism," *Journal of Democracy* 1 (Winter 1990); Lardeyret (fn. 97); Scott Mainwaring and Matthew Shugart, "Juan Linz, Presidentialism, and Democracy: A Critical Appraisal" (Manuscript, 1992); Quentin L. Quade, "PR and Democratic Statecraft," *Journal of Democracy* 2 (Summer 1991).

[101] Horowitz (fn. 98); idem, *A Democratic South Africa?* (Berkeley: University of California Press, 1991).

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sentation form of democracy is clearly better than the major alternatives in accommodating ethnic differences and it has a slight edge in economic policy making as well."[102] Likewise, Juan Linz argues that "parliamentarism provides a more flexible and adaptable institutional context for the establishment and consolidation of democracy."[103] Scott Mainwaring argues in a similar vein that "presidential systems are generally less favorable to democracy than parliamentary systems, and their disadvantages are multiplied with a multiparty system."[104]

These arguments rest primarily on a number of historical facts and logical principles. First, the vast majority of successfully functioning democracies are parliamentary democracies. Second, parliamentary democracies, especially when combined with proportional representation, have been more successful at representing racial and political minorities than presidential democracies have been. Third, the former are more flexible in adjusting to continually changing environments than the latter, in which the fixed term of a separately elected president makes for rigidity between elections. Fourth, the vast majority of democracies that failed in Latin America during the reversed second wave were presidential democracies. They failed mainly because of the executive-legislative deadlock caused by the separation of powers between the two branches of the central government. Finally, newly democratizing countries are ethnically and culturally divided societies with deep political cleavages and numerous political parties. Being extremely unstable and constantly changing, their political situations require a flexible regime.

Presidentialism is poorly represented among the stable democracies in the world today. Of the thirty-one democracies that have lasted for a minimum twenty-five years, parliamentary democracies outnumber presidential democracies by a margin of twenty-four to four.[105] Colombia, Costa Rica, the United States, and Venezuela are the only four stable presidential democracies. Of the forty-eight countries that have held at least two democratic elections without a breakdown as of 1991, parliamentary regimes again outnumber their presidential counterparts by a margin of twenty-seven to twelve.[106]

When Third World democracies are chosen for comparison, presidentialism fares far better, however. Of the total of eight countries that

[102] Lijphart (fn. 7), 83.
[103] Linz (fn. 100), 68.
[104] Mainwaring (fn. 98), 28.
[105] Mainwaring and Shugart (fn. 100), 5.
[106] Shugart and Carey (fn. 98), 41.

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have maintained continuous democracies for at least twenty-five years as of 1992, five are parliamentary (Barbados, Botswana, India, Jamaica, and Trinidad and Tobago) and three are presidential (Colombia, Costa Rica, and Venezuela). Of the twenty-three Third World democracies that passed the threshold of two elections as of 1992, eleven are presidential, and nine are parliamentary. The rate of democratic breakdowns in the Third World in this century, however, is higher for presidential regimes, 50 percent compared with 43.8 percent for parliamentary regimes.[107] Most of the democratic failures in Latin America are presidential regimes. In Africa, Asia, and Southern Europe, however, most failures are parliamentary regimes. When all these pieces of empirical evidence are taken into account, it is difficult to sustain the argument that the parliamentary regime is more conducive to stable democracy than the presidential regime.

Moreover, parliamentary democracy has not always performed more responsively than presidential systems to the needs of minorities. In Nigeria, for example, the parliamentary government shut minorities out of power by securing a majority of seats in the legislature.[108] In Israel this system has long allowed parties representing small minorities to wield disproportionate amounts of power because they command the swing seats needed to form a majority coalition.[109] In a parliamentary democracy like Israel, therefore, it is often difficult to make timely yet unpopular decisions because of resistance on the part of some extreme coalition partners.

Proportional representation, which is often recommended along with the parliamentary democracy, has not always promoted compromise and conciliation among different segments of the population. Instead, it has sometimes exacerbated divisions and conflicts within societies by re-creating and relocating them in its legislature with a multitude of political parties.[110] Even worse, once adopted, this method is almost impossible to change because minority parties will never cooperate in digging their own grave.

In summary, it is fair to say that there is no model of democracy that is optimal for each and every independent country on earth. As Ken Gladdish suggests,[111] the relative merits and demerits of a democratic model are determined solely by a particular country's political history, cultural diversity, ethnic division, and socioeconomic way of life. As-

[107] Ibid., 41.
[108] Horowitz (fn. 101).
[109] Lardeyret (fn. 97).
[110] Quade (fn. 100).
[111] Gladdish, "The Primacy of the Particular," *Journal of Democracy* 2 (Winter 1991), 63.

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piring democrats in currently nondemocratic countries must therefore consider all the available institutional alternatives. As Arend Lijphart suggests, they must also begin choosing from the best alternatives as soon as possible, rather than waiting until the demise of their authoritarian regime.[112]

Crafting Democratization

The most notable feature of recent scholarship on democracy is the widespread sense of optimism that it can be crafted and promoted in all sorts of places, including those where structural and cultural qualities are deemed unfavorable or even hostile. In his book *To Craft Democracies*, Giuseppe Di Palma contends that human will and action ultimately determine the success of democratization.[113] Guillermo O'Donnell and Philippe Schmitter argue similarly, that success is largely determined by elite dispositions, calculations, and pacts.[114] Terry Karl and Philippe Schmitter also discuss political actors and their strategies to "define the basic property space within which democratic transitions can occur."[115] These and many other scholars generally agree that democracy can be crafted and promoted so as to survive and grow even in a culturally and structurally unfavorable environment.

The search for the satisfactory answer to the strategic question of how democracy can and should be crafted should begin with the recent studies of Karl and Schmitter and O'Donnell and Schmitter, both of which examine the fate of political transitions in Southern Europe and Latin America in close relationship with their distinctive modes. According to Karl and Schmitter, stable democracy has rarely occurred by the reformist mode of transitions in which masses mobilize from below and impose a compromised outcome without resorting to violence.[116] Nor has stable democracy occurred by revolutions of the masses rising up in arms and removing authoritarian rulers by force. Rather, the most successful formula for democratic transition has been negotiating pacts among elites. This may answer the question of why unpacted democracies in Latin America, with the exception of Costa Rica, have been destroyed by authoritarian reversals.[117]

[112] Arend Lijphart, "The World Shops for a Ballot Box: A Comparative Perspective on Redemocratization," *Political Science and International Studies* 1 (October 1991), 12.
[113] Di Palma (fn. 17), 9.
[114] O'Donnell and Schmitter (fn. 17), 19.
[115] Karl and Schmitter (fn. 21), 274.
[116] Karl and Schmitter (fn. 20).
[117] O'Donnell and Schmitter (fn. 17), 45.

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Pacts as a Tool for Crafting Democracy

To illustrate the importance of pacts, Di Palma provides two scenarios in which they played a crucial role in democratic transitions by turning a variety of groups toward democracy. In the first scenario, based on the Italian case, a moderating center is able to induce left- and right-wing forces to accept *garantismo*—a pact to abide by the rules of open political competition—as an alternative to "reciprocal stalemate fed by recalcitrance and polarization, with no visible exit."[118] In the second scenario, based on the Spanish case, a "seceding Right" begins to initiate partial liberalization; then, facing resistance from that part of the old elite that considers any departure from authoritarianism treasonous, it moves to attract the support of the Left for further democratic reforms. Once again, the outcome is a form of *garantismo*; for reasons of self-interest, both the seceding Right and the accommodating Left commit themselves to the rules of democratic politics and coexist with mutual sacrifices.

Little doubt exists that pacts are valuable tools for managing democratic transition. They can be used to identify, frame, and market a set of new rules in such a way that political coexistence becomes attractive to all the key players and their followers. In principle, this can be done by "balancing the rights of the opposition and its prospects of winning against the rights of those who govern." In practice, however, there exists no optimal set of rules that is capable of making political coexistence attractive to every one of them; some sets of rules are more effective than others. To meet the challenge of coming up with an optimal set, Di Palma has prepared a list of tactical advice for would-be democrats engaged in pact making.[119]

One of the most important tactics concerns the timing of negotiating pacts. Di Palma emphasizes the need to reach an agreement on basic procedural rules expeditiously. This approach stands in sharp contrast to that of O'Donnell and Schmitter, who stress the importance of "playing it slow and safe" in democratic transitions.[120] They believe that pacts can play an important role when democratization advances "on an installment basis." To this end, they have proposed a scenario of democratization based on gradualism, caution, moderation, and compromise. In this conservative scenario, prospective pact makers are advised to make a series of pacts over a period of time rather

[118] Di Palma (fn. 17), chap. 4, quote at 56.
[119] For this list, see Di Palma (fn. 17), chaps. 4, 5, quote at 45.
[120] O'Donnell and Schmitter (fn. 17).

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than to make all of them at once. Moreover, they are advised to observe "two fundamental restrictions" (p. 69): first, that the property rights of the bourgeoisie are inviolable; and second, that the organized interests of the armed forces are inviolable.

As these two studies show, there is no scholarly consensus on the recommended tactics for negotiating pacts. How then should would-be democrats go about choosing the most appropriate tactics for their democratizing country? First, they should identify every pair of alternative tactics and assess their relative strengths and weaknesses in light of their country's political history and other relevant variables. Would-be democrats should also note that pacts are not always a necessary element of democratic transition but rather are needed only "in a situation in which conflicting or competing groups are interdependent, in that they can neither do without each other nor unilaterally impose their preferred solution on each other if they are to satisfy their respective divergent interest."[121] In a transition process involving a high degree of uncertainty and indeterminacy, pacts enhance the probability that the process will lead to a viable political democracy.

Strategies for Transformation and Replacement

Obviously there are many other types of democratic transitions in which pacts cannot play a crucial role. Huntington has recently examined two of these types, one of which he terms "transformation" and the other, "replacement." In the transformation process, the ruling elite is stronger than the opposition, and the reform-minded of the ruling elite take the lead in bringing about democracy. For these democratic reformers in authoritarian government, he recommends the strategy of procedural continuity and "backward legitimacy."[122] Unlike transformations, replacements constitute a sharp and clean break with the past procedures of authoritarian rule and the practice of its legitimation. Hence, replacements require a strategy that shifts the balance of power in favor of the opposition by allowing it to gain strength while wearing down the government. Strategically, the opposition must be stronger than the ruling elite, and moderates within the opposition take the lead in bringing about democracy. For opposition moderate democrats to overthrow an authoritarian regime, Huntington recommends the strategy of mobilization and "forward legitimacy."[123]

These and other strategies and tactics are currently available to

[121] Ibid., 39. See also Bao Zhang, "Corporatism, Totalitarianism, and Transition to Democracy," *Comparative Political Studies* 27 (April 1994).

[122] Huntington (fn. 2), chap. 3, quote at 141–42.

[123] Ibid., 150–51.

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would-be democrats seeking to replace or transform their authoritarian polity. As O'Donnell suggests,[124] they should be viewed as nothing more than "navigational instruments" intended for the extremely uncertain and dangerous journey to democracy. Those who use these instruments should therefore keep two things in mind. First, they need to cultivate the skills that can help them to choose proper strategies and use them successfully. Second, although skillful use of those instruments will help them to navigate the poorly mapped waterways of transition, it cannot guarantee their safe passage to the democratic port.

Promoting Democratization

A key question is what individual nations and international agencies can do to promote democracy abroad. The answers depend on the specific problems facing new democracies. Many of these democracies are struggling to survive with only what Diamond characterizes as "the rudiments of democratic institutions."[125] The institutions, leaders, and clients in many of these struggling democracies are therefore in desperate need of educational, financial, technical, political, and even moral support from overseas. In the countries where communism recently collapsed, market-oriented economies must be fostered to promote fledgling democratic regimes.[126] Even so, financial aid is only one of many necessary components of the task of promoting democracy abroad.

Aid donors should not attempt to transplant or export key institutions and procedures of their own democracy. Instead, the way to promote democracy is by establishing particular conditions in the latter that would facilitate the transition to and consolidation of democracy. This is the theoretical basis for the 1989 Support for East European Democracy (SEED) legislation.[127] This is also the central premise from which Graham Allison, Jr., and Robert Beschel, Jr., recently derived thirteen principles for an agenda of actions by which government and society can promote democracy.[128]

History makes it clear that outsiders should not attempt to impose their preferred ideas and practices directly upon a foreign land. Its cul-

[124] O'Donnell, "Transitions to Democracy: Some Navigational Instruments," in Pastor (fn. 30), 63.
[125] Larry Diamond, "Promoting Democracy," *Foreign Affairs* 87 (Summer 1992), 26.
[126] Wolf (fn. 4).
[127] For additional details, see Kenneth I. Juster, "An Overview of U.S. Government Assistance to Central and Eastern Europe," in Wolf (fn. 4).
[128] Allison and Beschel (fn. 4).

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tural values and socioeconomic way of life may be more incompatible than compatible with many of the principles and practices underlying the American and other models. Moreover, such attempts will be construed as outside intervention in the democratic reform process. Reforms insisted on directly by outsiders will be discredited and are more likely to provoke resentment than admiration.[129] For this reason Joan Nelson believes that "vigorous outside intervention to encourage participation and competitive democracy can jeopardize the legitimacy of those reforms."[130] Consequently, she recommends against the use of conditionality as a policy medium for promoting democracy abroad.

In making future allocations of foreign aid these days, an increasing number of donor nations are nonetheless taking into account recipients' democratic reforms as an important criterion. The Argentine-Italian Treaty of 1987 and the Argentine-Spanish Treaty of 1988, for example, explicitly connect trade and economic matters with the efforts by the Argentinean government to consolidate its democracy.[131] In the United States each of the regional bureaus of the U.S. Agency for International Development (USAID) is currently developing an approach to implementing its "democracy initiative." It states that within each region of the world, allocations of USAID funds to individual countries will take into account their progress toward democratization. As part of its annual allocation process, the Latin American bureau plans to use the civil and political rights indices compiled annually by Freedom House: democratic progress will be accorded a weight of 20 percent (with economic policy performance weighted 50 percent, and social and environmental policies and programs assigned weights of 10 and 20 percent, respectively).

Nelson's analysis of the past U.S. practice of favoring reformers and penalizing nonreformers adds support to the idea that the policy of conditionality is extremely difficult to implement. Democratic reforms for participation and competitive democracy are much more inclusive, complex, and diffuse than those of human rights or economic governance. Those reforms always evolve over a long period of time and involve many setbacks. For these and other reasons, Nelson recommends that the policy of allocative conditionality be confined to well-specified circumstances: military coups and aborted elections.[132] In short, condi-

[129] Diamond (fn. 125), 27; Huntington (fn. 2), 96; Lijphart (fn. 112), 12.
[130] Nelson (fn. 4), 43.
[131] Pinto-Duschinsky (fn. 81), 62.
[132] This is also the recommendation recently suggested by Benjamin Bassin, "Development and Democracy in the Aid Relationship," in Kirdar and Silk (fn. 2), 123.

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tionality should not serve as a strategy for promoting democracy in its own right; instead, it should be viewed as a complement to other approaches encouraging democratic reforms.

In place of the conditional approach, Nelson suggests that aid donors adopt multilateral approaches in which donors and recipients jointly determine criteria for aid and set targets. These approaches are expected to generate more genuine commitment to democracy in recipient countries and less abrasive relations between the parties. They are also expected to enhance donor ability to respond rapidly and easily to the recipient's changing circumstances.

Problems and Prospects

From Eastern Europe to Latin America nascent democracies are struggling with the enormous complexities of democratic transition and consolidation.[133] What are the prospects for this third wave of democratization? Democratic constitutions in these nations have not automatically produced democratic institutions in place of all the authoritarian ones. Nor have newly created democratic institutions performed any more efficiently than the ones they replaced. Likewise, popular elections in many of these countries have not produced less corrupt politicians. Nor have those elections produced more open government or human rights, let alone economic prosperity.

Many of the countries of the third wave of democratization are now engulfed in grave political crises because democracy is not delivering economic prosperity, honest and efficient government, protection for human rights, peace, and security.[134] In Brazil there are frequent calls for the suspension of the democratically elected Congress and a return to military rule.[135] In Russia hundreds have been killed for their opposition to democratic reforms and demands for a return to communist rule. Voters in Latvia, Lithuania, Poland, and Russia have recently thrown out democratic reforms and reinstated former communists as their political leaders.

[133] Diamond (fn. 125); Huntington (fn. 33); Karl and Schmitter (fn. 20); McColm (fn. 1); Piotr Sztompka, "The Intangibles and Imponderables of the Transition to Democracy," *Studies in Comparative Communism* (September 1991); Heather Deegan, *The Middle East and Problems of Democracy* (Boulder, Colo.: Lynne Rienner, 1994); Carl Tham, "Democracy at Bay," in Kirdar and Silk (fn. 2).

[134] Auchincloss (fn. 6); Arturo Valenzuela, "Latin America: Presidentialism in Crisis," *Journal of Democracy* 4 (October 1993); Robin Knight and Victoria Pope, "Back to the Future: Democratic Regimes Have Stumbled, Opening the Door to a Communist Political Comeback," *U.S. News and World Report* (May 23, 1994), 40–43.

[135] James Brooke, "A Vast New Scandal is Shaking Brazilians' Faith in Democracy," *New York Times*, January 4, 1994, p. A1.

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New democracies fall along a broad spectrum in terms of economic development and industrialization.[136] Capitalist countries like Spain, South Korea, and Taiwan are not much different from the members of the exclusive club of advanced industrial countries. Some of the former communist counties like the Czech Republic, Hungary, and Poland are relatively industrialized and literate. By contrast, other capitalist and communist countries such as Albania, Bolivia, Benin, Mongolia, Ethiopia, and Pakistan are impoverished and illiterate. Between such extremes of development lies a larger group of new democracies. New democracies in economically poor and culturally divided societies must deal simultaneously with demands for transformations in the economic, social, cultural, and national spheres.[137]

More than by cultural and economic forces, new democracies are pressured directly by the legacies of the authoritarianism from which they emerged and by the very mode in which they moved from it.[138] Some of these regimes, such as those of Albania and Romania, have come from extremely repressive personal rule in which power was concentrated in one individual. Other regimes, such as those of Argentina and Chile, have emerged from extremely repressive institutional rule under which many were physically tortured. Still other regimes like Brazil and South Korea have emerged from less repressive institutional rule. The nature of the prior political order and the degree of its repressiveness together play a crucial role not only in controlling the continued presence of authoritarian domination but also in determining the mood of the general public toward a future return to authoritarian rule.[139]

The particular mode of transition experienced by a given new democracy may prove to be a critical factor in determining its future. As noted earlier, the most successful mode of transition away from authoritarian rule has been the negotiated pact. More so than any other means, pacts ensure survivability by making the rules of democratic politics acceptable to the largest proportion of the elite population. Pacts, together with imposition, however, are most likely to "preclude the democratic self-transformation of the economy or polity further down the road."[140]

[136] Karl and Schmitter (fn. 21).

[137] Bermeo (fn. 2); Valerie Bunce, "Rising above the Past: The Struggle for Liberal Democracy in Eastern Europe," *World Policy Journal* 7 (Summer 1990); Lipset (fn. 3); Sztompka (fn. 133); Rustow (fn. 2); Karl and Schmitter (fn. 21).

[138] Karl (fn. 10); Karl and Schmitter (fn. 21); O'Donnell (fn. 31); Weffort (fn. 6).

[139] O'Donnell (fn. 31), 288.

[140] Huntington (fn. 2), 276; Karl (fn. 10), 13; Karl and Schmitter (fn. 21), 25.

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As Chile and Brazil have amply demonstrated, democratic actors are outnumbered by nondemocratic actors in the political process of pacted or imposed democracies. O'Donnell observes that this creates a paradoxical political situation: "A minority of actors must advance the country toward the consolidation of a political regime based on the principle of majority rule."[141] Much worse, the same minority is constrained by antidemocratic provisions in new constitutions that are intended to protect the privileges of the most affluent and powerful. As a result, these democracies are not capable of undertaking substantive reforms that would improve the lot of the most deprived and oppressed.

The inability to undertake such substantive reforms is one of the most serious problems facing the new democracies of the current wave of democratization. This type of problem contrasts sharply with the problem of sheer survivability, which overwhelms the fragile democracies existing in the midst of ethnic and other civil strife or under constant threat of a military coup. The emergence and survival of fragile or embattled democracies in ethnically or ideologically polarized societies requires bargains among all major political forces, including antidemocrats. Such pacts, nonetheless, pose the major obstacle to their evolution into consolidated democracies. This is the dilemma most characteristic of the third wave of democratization. It is also the central paradox that distinguishes this wave from the past two.

One wonders therefore whether the third wave will produce more consolidated democracies than its predecessors. How many of the new democracies will regress into authoritarian rule? How many of them are likely to remain one or another sort of hybrid regime, such as *dictablandas* (regimes that recognize some individual rights but do not permit political competition) or *democraduras* (regimes that often severely restrict popular participation but permit a degree of political competition)? How many are likely to persist as unconsolidated democracies by acting in ad hoc and ad hominem ways in response to successive problems? These questions must be answered in order to explore the prospects for the current wave of democratization in a systematic fashion. Unfortunately, social science cannot provide reliable and definitive answers to these questions. They can be explored nevertheless by examining the new forces that are so powerfully propelling the current wave. The first set of these forces consists of international assistance and pressure. With financial and technical assistance, inter-

[141] O'Donnell (fn. 31), 282.

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national nongovernmental organizations are working together to improve the functional efficiency of democratic institutions and to strengthen political parties and other voluntary associations. Transnational governmental organizations, too, are offering material support to reward democracies and applying sanctions to punish nondemocracies. Democratization is thus increasingly a condition for development assistance or membership in a regional association, as it is for membership in the European Community.

A second set of forces includes the electronic media and other sophisticated international communication linkages. These technological devices are widening and accelerating the spread of news about the failings of authoritarianism and the virtues of democracy. These devices continually feed "a global democratic 'zeitgeist' of unprecedented scope and intensity."[142] Increasingly exposed to the democratic alternative and finding it attractive, masses become less willing to condone the continuation of authoritarian rule.[143]

In general, democratic leadership in the current wave is more powerful than ever before because of the confluence of two sets of newly emerging forces: domestically, a surge of public demand for democratic reforms; internationally, sharp increases in material, moral, and strategic support from friends in international governmental and nongovernmental organizations. To resist the rising tide of democratization, antidemocratic forces must contend simultaneously with both sets of powerful democratic forces.

As a result, one may be tempted to conclude that "time is on the side of democracy."[144] Nonetheless, it should be noted that heightened demands from the public can overwhelm democratic novices and overload and immobilize their fragile democratic institutions. It should also be noted that even increased outside support will never be sufficient to meet the rising demand. The paradoxical nature of democratic politics, moreover, often makes it impossible for governments to carry out the sweeping structural reforms needed to produce more productive and internationally competitive economies.[145] Consequently, many new democracies will not be able to progress into prosperity, welfare, justice, and security. Sustained inability to do so, in turn, will undermine their legitimacy in the long run.

On balance, three conclusions can be reached about prospects for

[142] Diamond (fn. 35). 37.
[143] Huntington (fn. 2), 269.
[144] Ibid., 53.
[145] Diamond (fn. 125).

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the current wave of democratization. First, a greater number of authoritarian regimes are likely to move to democracy in the short run, due mainly to what Huntington terms the "snowballing" effect of earlier transitions that stimulate and provide models for subsequent efforts.[146] Second, only some of present and future new democracies are likely to revert to authoritarian rule, due mainly to international pressure and the lack of a credible alternative to democracy. Third, a majority of new democracies are likely to drift as "frozen" or "delegative" democracies, due mainly to their sustained inability to transform basic economic and welfare structure.[147]

[146] Huntington (fn. 2), 100–106.

[147] Guillermo O'Donnell, "Delegative Democracy," *Journal of Democracy* 5 (January 1994); Rueschemeyer, Stephens, and Stephens (fn. 3), 291–300; Schmitter (fn. 6), 73; Weffort (fn. 6), 248–49.

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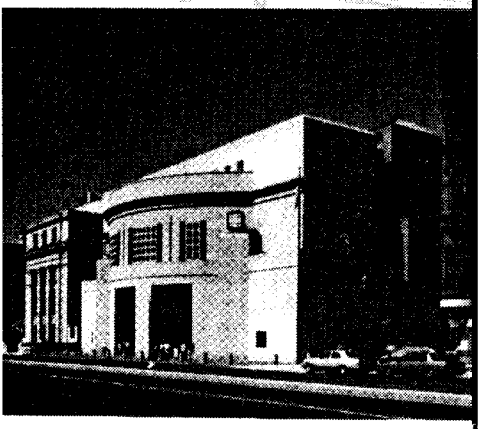

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